To: Dravis, Samantha[dravis.samantha@epa.gov]; Richardson, RobinH[Richardson.RobinH@epa.gov]; Flynn, Mike[Flynn.Mike@epa.gov]; Reeder, John[Reeder.John@epa.gov]
Cc: Jackson, Ryan[jackson.ryan@epa.gov]; Brown, Byron[brown.byron@epa.gov]; Konkus, John[konkus.john@epa.gov]; Grantham, Nancy[Grantham.Nancy@epa.gov]
From: Schnare, David
Sent: Wed 3/8/2017 8:22:48 PM
Subject: CAFE FR Notice ready for signature
CAFE-FINAL FINAL-joint-notice-DOT-EPA.docx

The attached is ready for signature, but for putting in the exact date of the signature directly above the signature block.

We need to get this signed and sent back to DOT for the Secretary's signature.

I would most appreciate it if this is signed today. We will hold it for FR publication until the White House directs us to have it published.

David W. Schnare
Assistant Deputy Administrator
US. EPA

To: Flynn, Mike[Flynn.Mike@epa.gov]
From: Bloom, David
Sent: Thur 3/9/2017 7:10:25 PM
Subject: FW: Executive Overview of FY 2016 End-of-Year Performance
Executive Overview of FY 2016 End-of-Year Performance Memorandum.pdf

Mike,
Attached is the document I mentioned. David

From: Bloom, David
Sent: Friday, January 13, 2017 5:50 PM
To: Mccarthy, Gina <McCarthy.Gina@epa.gov>; Meiburg, Stan <Meiburg.Stan@epa.gov>; Garbow, Avi <Garbow.Avi@epa.gov>; Assistant Administrators <Ex. 6 - Personal Privacy>; Elkins, Arthur <Elkins.Arthur@epa.gov>; Associate Administrators <Ex. 6 - Personal Privacy>; Regional Administrators <Ex. 6 - Personal Privacy>; DAA <Ex. 6 - Personal Privacy>; DRA <Ex. 6 - Personal Privacy>; Deputy Associate Administrators <Ex. 6 - Personal Privacy>; Flynn, Mike <Flynn.Mike@epa.gov>
Cc: Fritz, Matthew <Fritz.Matthew@epa.gov>; Herckis, Arian <Herckis.Arian@epa.gov>; Pieh, Luseni <Pieh.Luseni@epa.gov>; ARA Ex. 6 - Personal Privacy; OCFO-SBO <OCFOSBO@epa.gov>; OCFO-Regional-Comptroller <Ex. 6 - Personal Privacy> OCFO-Regional Planning Staff and Headquarters Contacts <Ex. 6 - Personal Privacy>; Osborne, Howard <Osborne.Howard@epa.gov>; OBrien, Kathy <Obrien.Kathy@epa.gov>; Brookshire, Malena <Brookshire.Malena@epa.gov>; Kelty, Diane <Kelty.Diane@epa.gov>; Cox, Andrew <Cox.Andrew@epa.gov>
Subject: Executive Overview of FY 2016 End-of-Year Performance

I am pleased to provide an Executive Overview of FY 2016 End-of-Year Performance. The attachment was a collaborative effort between OCFO and the National Program Managers that was prepared in lieu of our usual end-of-year performance review meetings. If you have questions, please let me know or contact Kathy O'Brien, Director of the Office of Planning, Analysis, and Accountability, at 202-564-1167.

David

David Bloom
Deputy Chief Financial Officer
Office of the Chief Financial Officer
Environmental Protection Agency
(202) 564-1151

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

JAN 13 2016

OFFICE OF THE
CHIEF FINANCIAL OFFICER

MEMORANDUM

SUBJEC Executive Overview of FY 2016 End-of-Year Performance

FROM: David A. Bloom
Deputy Chief Financial Officer

TO: Administrator
Deputy Administrator
General Counsel
Assistant Administrators
Inspector General
Associate Administrators
Regional Administrators
Deputy Assistant Administrators
Deputy Regional Administrators
Deputy Associate Administrators

I am pleased to provide the attached *Executive Overview of FY 2016 End-of-Year Performance*, which presents highlights of the agency's most significant accomplishments and challenges during the past year. The Office of the Chief Financial Officer, working with National Program Managers, has prepared this brief report in lieu of the end-of-year performance review meetings we have held in prior years to review our annual performance under our five strategic goals.

While we continue to meet the majority of our annual targets, percent in FY 2016, you will see in the attached that this is slightly less than in previous years. Similarly, the number of strategic measures that are not on track toward FY 2018 targets increased, from 16 in FY 2015 to 21 in FY 2016. Declining resources and changes in program priorities or focus are contributing factors for a number of the measures not on track.

For EPA's five FY 2016-2017 Agency Priority Goals (APGs), at the end of first-year implementation, we are on track for three and achieved mixed results for two. The FY 2016 successes include exceeding targets for resilience training and tools provided to operators of small water utilities; vehicle manufacturers exceeding greenhouse gas emissions goals for a fourth straight year; and, under the E-Enterprise APG, we can expect software applications completed in FY 2016 to significantly reduce time spent on regulatory compliance and reporting.

However, we fell short of APG targets for the number of chemical assessments completed and the number of cleanups completed under Superfund, Brownfields, RCRA, and LUST. EPA did

not complete any existing chemical assessments in FY 2016, due to new requirements and timelines established under the new Toxic Substances Control Act reforms; however, other chemical assessments under this APG were on track. Under our land APG, the agency met its overall target for number of site cleanups; however, because remaining Superfund and RCRA cleanups are more complex than those completed earlier, cleanup rates were reduced.

EPA also made substantial progress in implementing our four cross-agency strategies, adopting them into daily business practices and achieving mission results. For example:

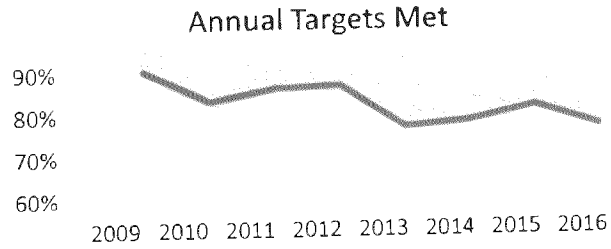
- As part of our Sustainability strategy, EPA hosted a workshop under the G7 Alliance on Resource Efficiency to promote the use of life cycle thinking for achieving sustainable materials management across supply chains.
- Under our Communities strategy, EPA allocated $1.3 million to 22 communities in 18 states to help protect and restore urban waters and to support community revitalization and other local priorities.
- As part of Partnerships, EPA collaborated with partners to issue the National Radon Action Plan for reducing radon risk in 5 million homes and saving 3,200 lives annually by 2020.
- Finally, among other notable high-performing organization accomplishments, EPA launched Talent Hub, a one-stop shop for employee development opportunities.

I hope that you find this end-of-year summary information useful. Should you have questions about this overview, please let me know or contact Kathy O'Brien, Director of the Office of Planning, Analysis, and Accountability, at 202-564-1167.

Attachments

cc: Chief of Staff
Deputy Chiefs of Staff
Assistant Regional Administrators
OCFO Senior Managers
Senior Budget Officers
Regional Comptrollers
Headquarters and Regional Planning Contacts

FY 2016 END-OF-YEAR GOAL PERFORMANCE HIGHLIGHTS & OBSERVATIONS
January 11, 2017



AGENCY PERFORMANCE SUMMARY

- EPA met 72% of annual targets in FY 2016, less than in previous years (similar to 2013).
- Decline is due in part to decreasing resources ($ and FTEs) and changes in program priorities.

PERFORMANCE HIGHLIGHTS AND OBSERVATIONS BY STRATEGIC GOAL

Goal 1: Taking Action on Climate Change and Improving Air Quality

- Good progress toward all four strategic objectives: *Address Climate Change; Improve Air Quality; Restore and Protect Ozone; Minimize Exposure to Radiation.*
- Building, transportation, industry sector partnerships avoided 971 metric tons of CO_2 eq., exceeding targets.
- Automakers beat GHG standards for the fourth straight year (on track for FY 2016-2017 APG). EPA and NHTSA finalized standards for medium- and heavy-duty vehicles that will lower CO_2 emissions by 1.1 billion tons; save $170 billion in fuel costs; and reduce oil consumption by up to 2 billion barrels.
- From FY 2003 to FY 2015, population-weighted ambient concentrations of PM2.5 and ozone decreased 32% and 21%, respectively.
- Through FY 2015, U.S. power plant SO_2 emissions decreased by 78% from the 2005 level.
- Compared with FY 2013, EPA has reduced the number of backlogged SIP approvals by 46%.
- In FY 2015, U.S. HCFC consumption declined to 584 tons of ozone-depleting potential, well below the level of 1,520 tons required by the Montreal Protocol.
- Between FY 2011 and FY 2016, EPA increased the percentage of operating RADnet monitors from 80% to 92%. EPA demonstrated a continued high level of radiological emergency response readiness, scoring 95% in FY 2016.

Goal 2: Protecting America's Waters

- Good progress toward the two strategic objectives: *Protecting Human Health* and *Improving Water Quality on a Watershed Basis.*
- Advanced resilience in the nation's water infrastructure, particularly in high-risk and vulnerable communities: promoted green infrastructure, assisting 74 communities. Demand from operators of small water utilities for EPA tools and training vastly exceeded expectations (on track for FY 2016-2017 APG).
- EPA met targets for drinking water compliance as CWSs continue to face aging infrastructure challenges. Strategies for improving DW compliance include targeted enforcement, technical and managerial support, and infrastructure investments through WIFIA and DWSRF. EPA is using the new Compliance Monitoring Data Portal to enable utilities and laboratories to report data electronically. OW published a new DW Action Plan urging stakeholders to work together to increase the safety and reliability of drinking water.
- Since 2006 Americans have saved more than $32 billion on utility bills and 1.5 trillion gallons of water by purchasing WaterSense-labeled products.
- EPA missed target for impaired water bodies meeting water quality standards. In transition to new approach for measuring local priority improvements in water quality from investments in protection/restoration.

Goal 3: Cleaning up Communities and Advancing Sustainable Development

- Good progress toward the objectives: *Sustainable and Livable Communities; Preserve Land; Restore Land.* Challenges under *Environmental Protection in Indian Country,* designated as Focus Area for Improvement. Initiated Direct Implementation Program Assessments as a key effort to address challenges.

- Mixed results for FY 2016-2017 APG: Added 9,640 sites Ready for Anticipated Use (RAU), but missed Superfund and RCRA clear up targets due to increased complexity of remaining sites and limited resources.
- Cleanup programs continue to assess/reduce backlog of potential SF sites, increasing the number of RCRA CA sites with human exposure under control, addressing the issue of vapor intrusion at contaminated sites.
- 44,200 brownfields acres of idle land made ready for productive use, 106,000 jobs created, $23.3 billion leveraged.
- RCRA/PCB and UST programs issued key regulations to improve management of hazardous waste and detection of UST releases. However, programs face difficult implementation issues.
- Property values increase after SF and high profile LUST cleanups. Economic activity also increased at SF sites where reuse is occurring.
- Chemical Safety Executive Order resulted in improved technical guidance and SOPS for the Risk Management Program. RMP final rule was signed in December 2016.
- Successfully led U.S. efforts to integrate Sustainable Materials Management into the G7 Alliance Resource Efficiency Declaration and Annex.

Goal 4: Ensuring the Safety of Chemicals and Preventing Pollution

- Mixed results for objective, *Ensure Chemical Safety*; on track for objective, *Promote Pollution Prevention.*
- Missed APG target for Existing Chemicals, but on track for New Chemicals, Pesticides, and EDSP targets.
- Newly amended Toxic Substances Control Act requires positive safety determinations for New Chemical assessments; gives more flexibility to capture data, sets new targets and time frames for Existing Chemicals (will not meet old targets); published first 10 chemicals to be assessed.
- Child blood lead levels reduced more than 50% since 2002, but low-income children lag behind. Only 25% of Renovation, Repair & Painting firms seek recertification. Pilot targeting urban areas saw increased certifications.
- Pesticides Program met all deadlines. Reduced spread of Zika through technical assistance and communications; mitigated endangered species risks (3 first-ever biological evaluations of organophosphates); assessed effects of a neonicotinoid insecticide on bees.
- Endocrine Disruptor Screening Program to complete 1,000 screenings/year starting in FY 2017 (prior maximum was 54) based on ORD development of high throughput Comptox testing.
- Market-based voluntary Pollution Prevention Program exceeded targets to reduce water, electricity, solid waste usage and associated pollution. Nearly 350 chemicals/chemical products met criteria for Safer Choice label.

Goal 5: Enforcing Environmental Laws

- Overall steady performance toward *Enforcement/Compliance* objective: EPA met key performance goals and had a record year for penalties but missed the FY 2016 inspections target.
- Emphasis on larger, more complex, risk-based enforcement cases led to significant environmental/health gains.
- Record year for civil penalties as a result of largest CWA penalty in Agency's history (BP Gulf of Mexico oil spill)—$5.5B penalty plus another $8.8B in natural resource damages.
- Exceeded target: percentage of criminal cases with most significant health/environmental/deterrence impacts.
- Identified specific enforcement strategies under the EJ 2020 Action Agenda to address violations impacting the nation's most overburdened communities and released update to EJSCREEN--EPA's EJ mapping/screening tool.
- Implementing three new FY 2017-2019 National Enforcement Initiatives focused on reducing chemical accidents, illegal industrial wastewater discharges, and unlawful air emissions from RCRA waste facilities.
- Promulgated NPDES E-Reporting Rule. Agency expects significant decreases in non-compliance to result.
- Leading innovation with more than 50 settlements to date that incorporate Next Gen technologies.

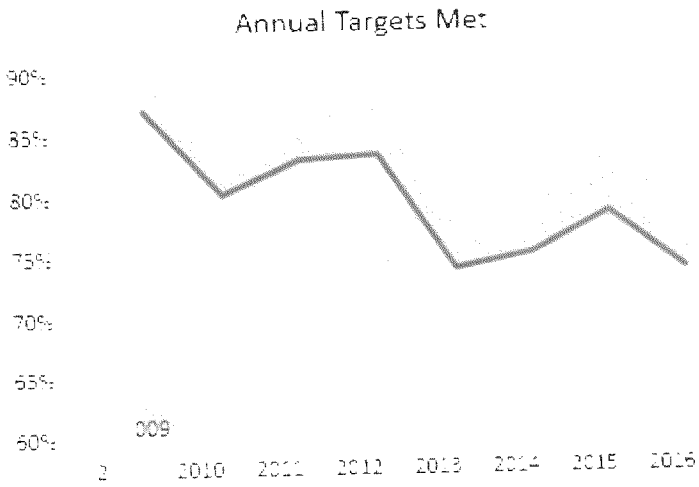
LOOKING AHEAD

- Develop FY 2018-2022 Strategic Plan, with focus on developing new Strategic/Annual Measures and APGs.
- Launch/implementation of new performance module as part of new budget formulation system.
- Continued implementation of Enterprise Risk Management.

U.S. Environmental Protection Agency
Executive Overview of FY 2016 End-of-Year Performance

(For Internal Use Only)

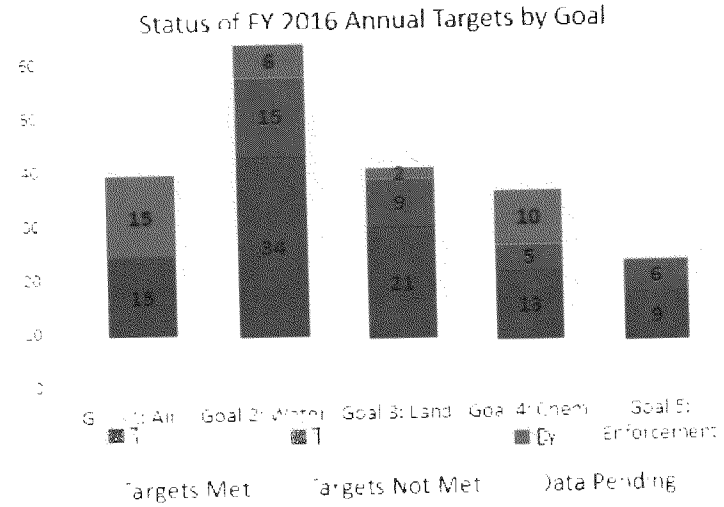
Office of Planning, Analysis, and Accountability
Office of the Chief Financial Officer
January 11, 2017



(Based on current PERS database; excludes measures with data not available; recent results subject to change as additional data become available)

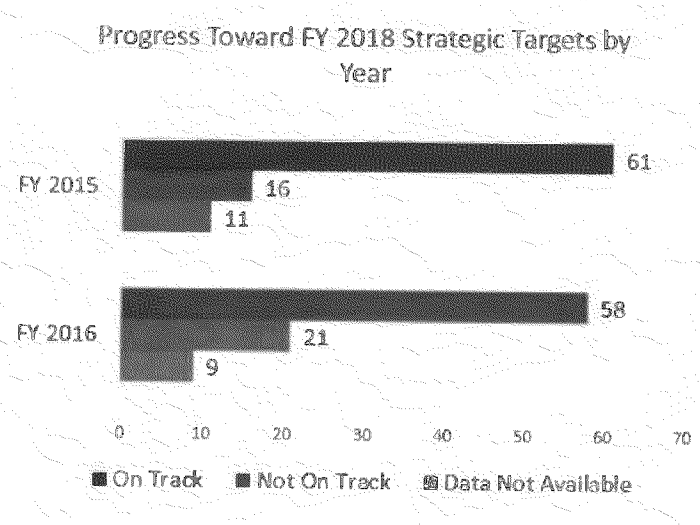
EPA met 72% of annual targets in previous years (similar to FY 2013).

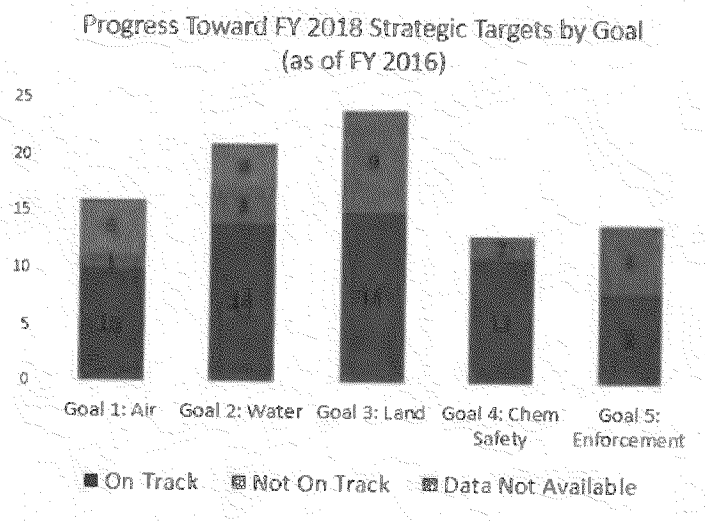
- Decline is due in part to decreasing resources ($ and FTEs) and changes in program priorities.

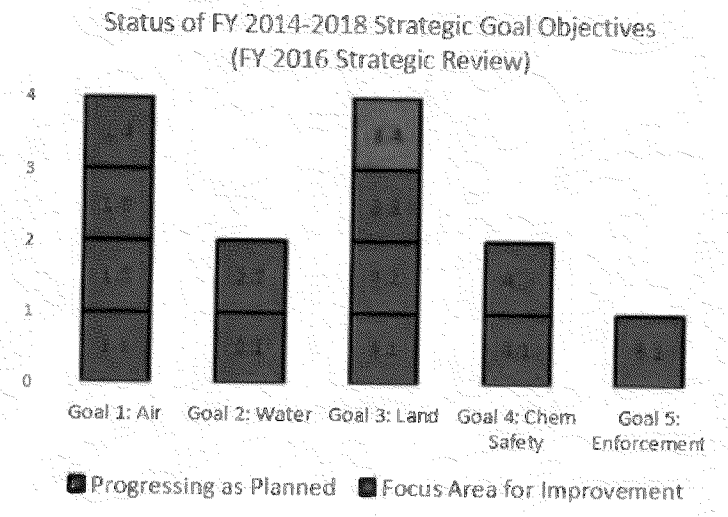


Annual performance results distributed across 5 strategic goals.

- Among annual measures with data available, EPA met 100% of targets in Goal 1, 69% of targets in Goal 2, 70% of targets in Goal 3, 72% of targets in Goal 4, and 60% of targets in Goal 5.
- Pending data due to data lags and biennial reporting.







Strategic measures not on track toward FY 2018 targets increased from 16 in FY 2015 to 21 in FY 2016.

- Consistent with trends in annual results.

Contributing factors for measures not on track include declining resources, changes in program priorities or focus, and increasing complexity of remaining work; examples include.

- focus on higher-impact cases and declining resources for enforcement;
- increasing complexity of remaining sites and declining resources for cleanups;
- targeted program reductions in smart growth and chemical facility risk management; and
- challenges with existing chemical assessments – addressed by TSCA reform (next assessments expected in 3-4 years under new timeline).

As next Strategic Plan is developed, we will recalibrate performance measures to align with our priorities for the next 4 years.

Challenges within EPA's tribal programs are a factor for 4 measures not on track.

- Includes 2 GAP measures, CAA approvals, and UST cleanups.
- Challenges include tribal diversity, unique legal and policy issues, and need for improved EPA tribal data management.

12 of 13 strategic goal objectives progressing as planned, based on FY 2016 strategic reviews.

- Objective 3.4, "Strengthen Human Health and Environmental Protection in Indian Country," a focus area for improvement for the 3rd year
- Progress in many and diverse programs under each objective, even where some strategic measures are not on track.

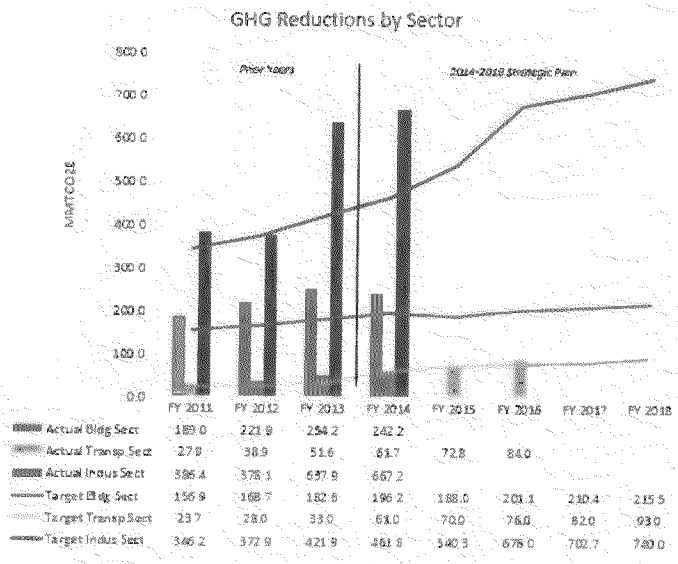
Met FY 2016 targets for 3 out of the 5 FY 2016-2017 Agency Priority Goals (APGs):

- ***Reduce GHG emissions from cars and trucks:*** Automakers beat GHG standards for the fourth straight year in FY 2015.
- ***Advance resilience in the nation's water infrastructure, while protecting public health and the environment, particularly in high-risk and vulnerable communities:*** EPA promoted green infrastructure to reduce water pollution, assisting 74 communities. Demand from operators of small water utilities for EPA tools and training vastly exceeded expectations.
- ***Strengthen environmental protection through business process improvements enabled by joint governance and technology:*** E-Enterprise Joint Governance is strengthening delivery of environmental programs and reducing burden on states, tribes and regulated entities.

Mixed results for the other 2 APGs:

- ***Clean up contaminated sites to enhance the livability and economic vitality of communities:*** Additional 9,640 sites Ready for Anticipated Use (RAU) in FY 2016, but Superfund and RCRA missed cleanup targets due to increased complexity of remaining sites and limited resources.
- ***Assess and reduce risks posed by chemicals and promote the use of safer chemicals in commerce:*** Completed 1,025 assessments of pesticides and other chemicals. Missed FY 2016 existing chemicals target and zeroed FY 2017 targets; TSCA reform set new timelines and requirements.

Objective 1: Address Climate Change

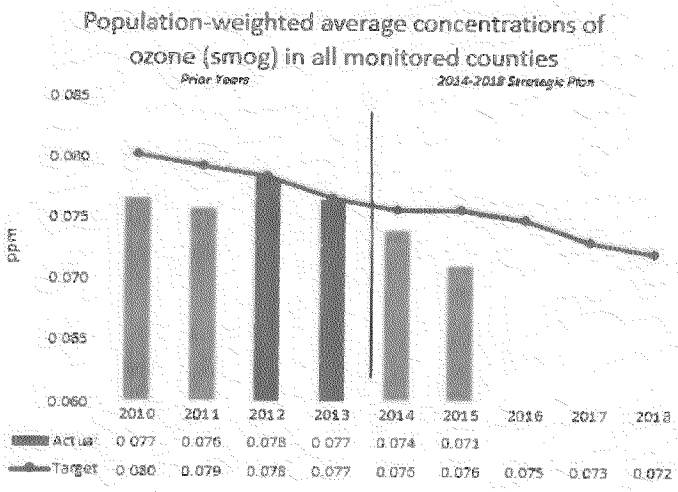


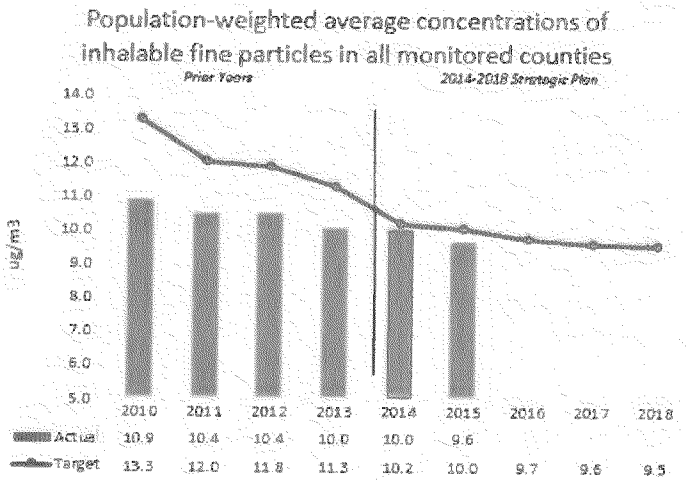
EPA partnerships with building, transportation, and industry sectors avoided 971 metric tons of CO_2 equivalents, exceeding targets. (Latest available data - FY 2014)

Automakers beat GHG standards for the fourth straight year in FY 2015 (FY 2016-2017 APG). In addition, in FY 2016, EPA and National Highway Traffic Safety Administration finalized standards for medium- and heavy-duty vehicles that over the lifetime of covered vehicles will:

- lower CO2 emissions by 1.1 billion tons;
- save $170 billion in fuel costs; and
- reduce oil consumption by up to two billion barrels.

Objective 2: Improve Air Quality

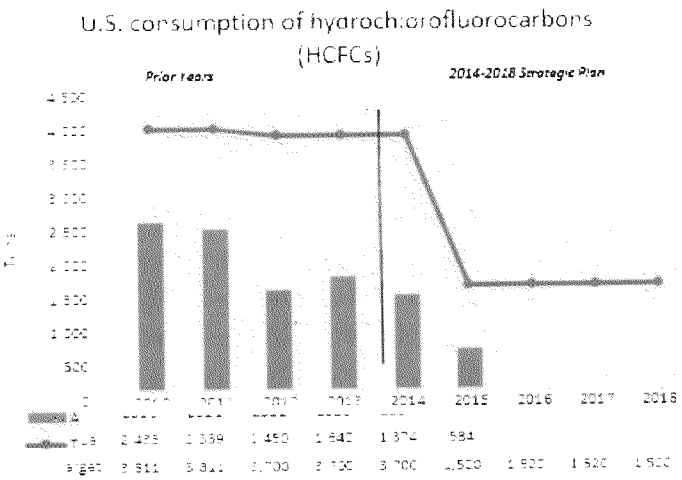




Ambient levels of major pollutants are at their lowest levels since clean air programs were established.

- From FY 2003 to FY 2015, population-weighted ambient concentrations of ozone and PM2.5 decreased 21% and 32%, respectively.
- Through FY 2015, U.S. power plant SO_2 emissions decreased by 78% from the 2005 level.
- In FY 2016, an ORD-funded study linked exposure to certain types of air pollution to faster progression of hardening and narrowing of the arteries, or atherosclerosis.
- Compared with FY 2013, EPA has reduced the number of backlogged SIPs by 46%.

Objective 3: Restore and Protect the Ozone Layer

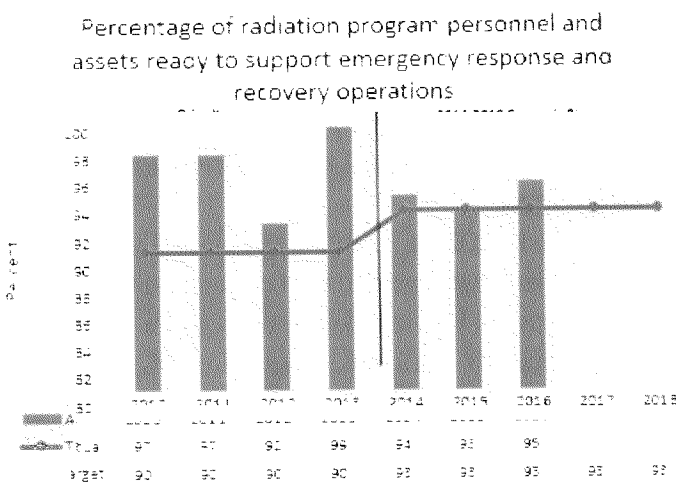


In FY 2015, U.S. HCFC consumption declined to 584 tons of ozone-depleting potential, well below the level of 1,520 tons required by the Montreal Protocol. Results are supported by:

- EPA limits on HCFC production and imports;
- regulations on refrigerant management and other requirements; and
- listing of alternatives for HCFCs under the Significant New Alternatives Policy program.

As production of ozone-depleting substances declines, demands grow for flexibility. EPA manages exemption programs to address critical needs.

Objective 4: Minimize Exposure to Radiation

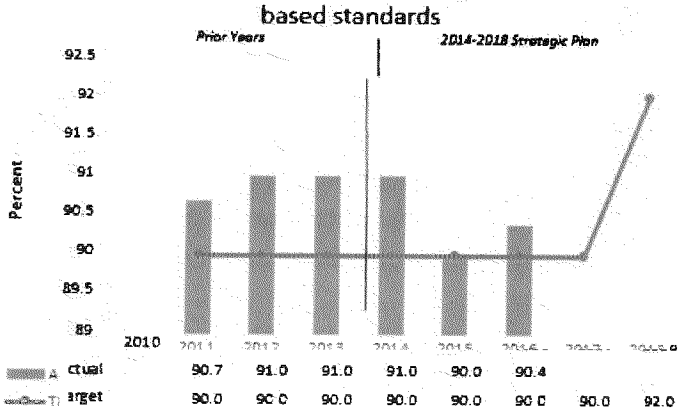


EPA demonstrated a continued high level of radiological emergency response readiness, scoring 95% in FY 2016.

- Between FY 2011 and FY 2016, EPA increased the number of RadNet monitors from 124 to 135, increased the percentage of operating monitors from 80% to a standard of 92% (monitors must be taken offline for maintenance on a regular basis), and decreased the time before data is available during an emergency from 0.5 to 0.3 days.
- Maintaining scientific expertise in the radiological field continues to be a challenge due to aging of the original Atomic Age workforce.

Objective 1: Protect Human Health

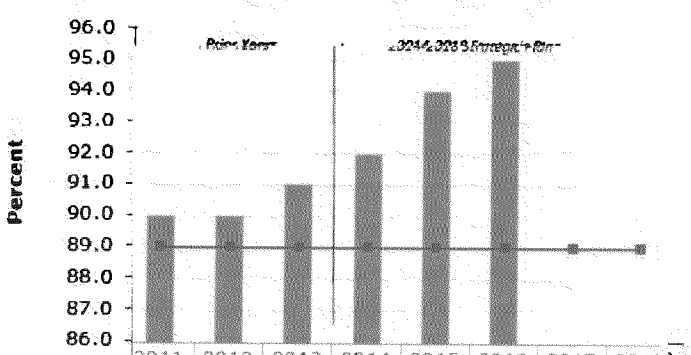
Percentage of community water systems providing drinking water that meets all applicable health-based standards



Community water systems (CWSs) met the FY 2016 target for health-based drinking water standards.

- EPA met DW compliance targets through targeted enforcement, technical and managerial support, and investments through the WIFIA and DWSRF to address aging infrastructure and other challenges.
- OW published a new DW Action Plan, urging stakeholders to work together to increase the safety and reliability of drinking water.
- Water Community Assistance for Resiliency and Excellence (WaterCARE) initiative provides financial planning assistance for 10 communities for infrastructure improvements. Case studies being developed to identify scalable solutions.

Fund utilization rate for the DWSRF



	2011	2012	2013	2014	2015	2016	2017	2018
Actual	90.0	90.0	91.0	92.0	94.0	95.0		
Target	89.0	89.0	89.0	89.0	89.0	89.0	89.0	89.0

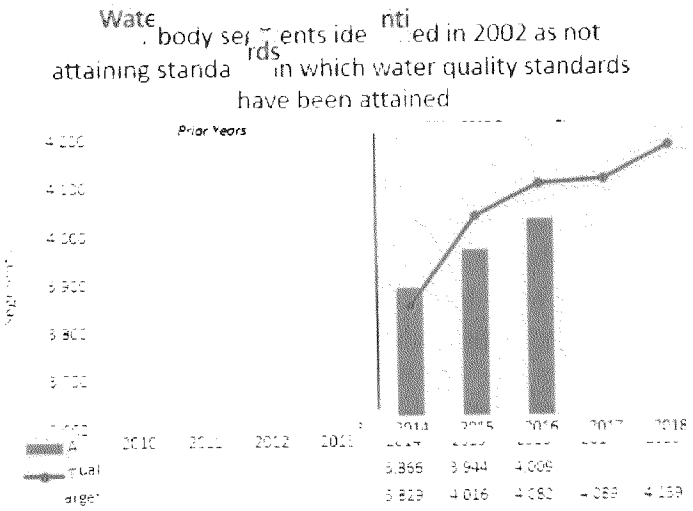
The utilization rate for the Drinking Water State Revolving Fund (DWSRF) has consistently increased over the last few years.

- From 2014-2016 states signed a record amount of funds into new loans. This resulted from EPA and state implementation of the 2014 *Unliquidated Obligation (ULO) Strategy*, which led many states to develop agile cash flow models to more accurately balance fund inflows and outflows.

Since 2006 Americans have saved more than $32 billion on utility bills and 1.5 trillion gallons of water by purchasing WaterSense-labeled products.

- WaterSense, a voluntary public-private partnership program, spurs development and purchase of water-efficient consumer products.
- In FY 2016, close to 4,400 product models were added to the more than 20,300 WaterSense models in the marketplace and 121 new WaterSense partners joined the effort.

Objective 2: Protect and Restore Watersheds and Aquatic Ecosystems

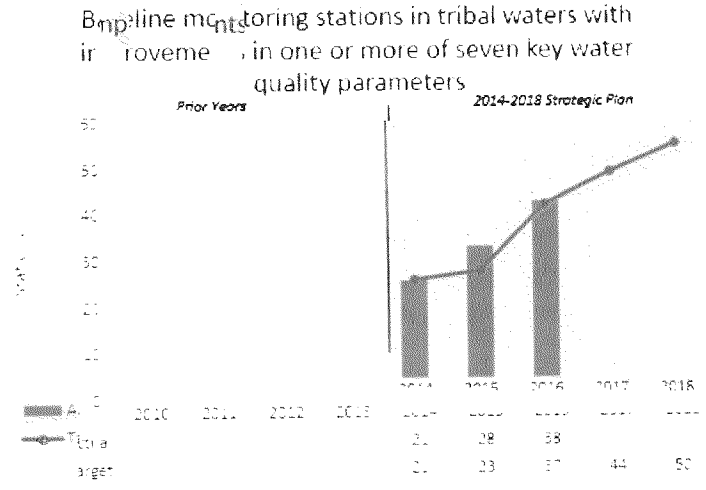


EPA missed the target for impaired water body segments meeting water quality standards as the agency transitions to a new, better measure.

- Results have been flat for several years due in large part to an outdated 2002 baseline. EPA is evaluating a new consistent approach (e.g., Water Quality Framework) for measuring local priority improvements in water quality from investments in protection and restoration.

Geographic-based work is improving water quality.

- EPA's Trash-free Waters, Urban Waters, and Green Infrastructure programs helped improve water quality in communities, restored recreational waters and provided new green spaces. For example, in the San Francisco Bay Area, the Trash Free Waters program reduced 60 tons of food packaging waste annually since FY 2012, saving participating businesses $3,000 per year.
- EPA's Green Infrastructure efforts, assisting 74 communities in FY 2016, advanced resilience in [illegible]ation's water infrastructur[illegible] (FY 2016-2017 APG). Green Infrastructure captures storm water to prevent flooding and losses (estimated at hundreds of millions of dollars) and enhances filtration before pollutants enter waterways.



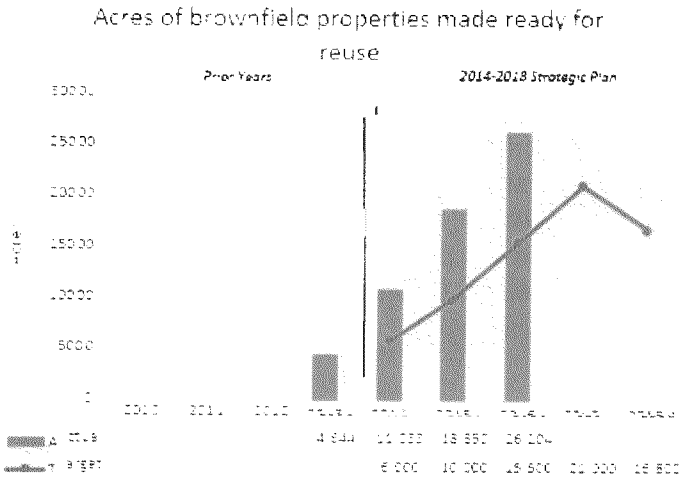
Water quality monitoring stations in tribal waters are showing improvements in water quality.

- EPA on track to meet FY 2018 strategic target: 50 stations showing water quality improvements.
- EPA finalized rules in FY 2016 to streamline the process for tribes to seek treatment in a similar manner as states under the CWA to establish water quality standards, identify impaired waters and establish TMDLs.

EPA's Office of Research and Development (ORD) providing key support to evaluate water quality.

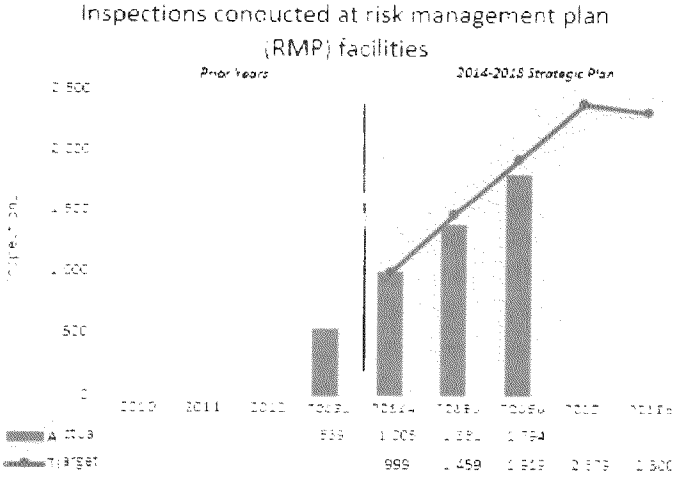
- Nutrient Sensor Challenge accelerating the development of affordable and accurate next-generation sensors.

Objective 1: Promote Sustainable and Livable Communities



EPA's Brownfields program restores land and drives economic development; FY 2015 and 2016 results significantly surpassed FY 2018 Strategic Target.

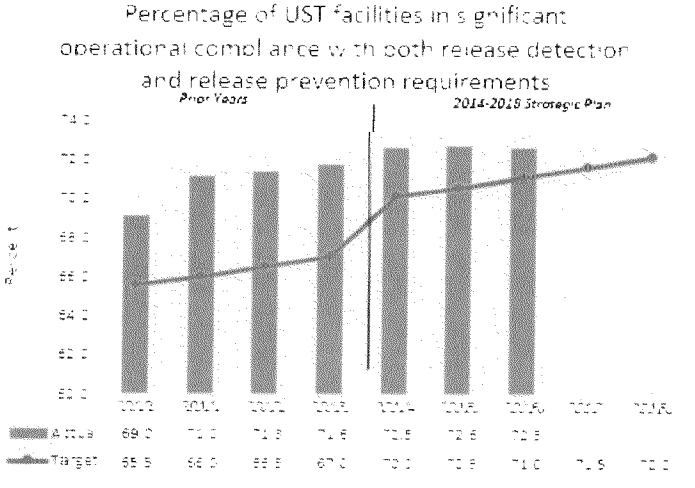
- From FY 2013 to FY 2016, brownfields federal funding has made 26,204 acres ready for reuse, leveraged more than 115,600 jobs and raised $24.77 billion from public and private sources.
- Challenges include meeting the demands for assistance and ensuring funds from revolving loan funds are available for additional projects.
- Local governments near 48 brownfield sites collected an estimated total of $29-97 million in additional taxes in a single year after cleanup (2-7 times the $12.4 million EPA contribution).



Inspections behind schedule at chemical facilities due to limited funding and other priorities, such as the Chemical Safety Executive Order.

- EPA inspects less than 4% of the universe of Risk Management Plan (RMP) facilities each year.
- EPA has made progress advancing other important priorities, including the E.O. which protects workers and communities.

Objective 2: Preserve Land

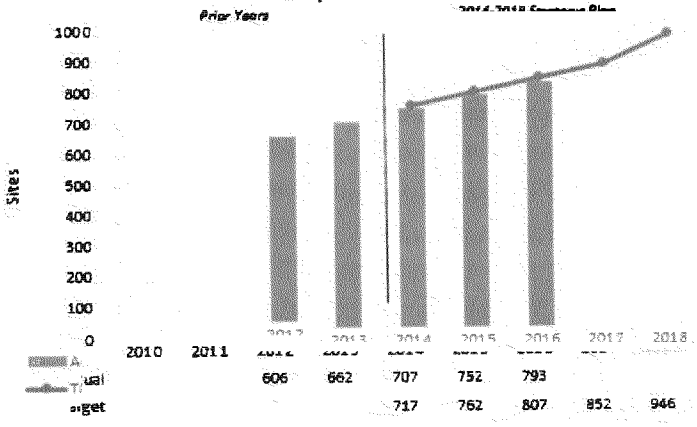


Number of UST facilities in significant operational compliance with leak detection and prevention requirements has increased to 72.5%, and the number of UST releases has decreased 10.25% over the past 7 years.

- However, frequent regulatory presence is needed to keep small businesses tank owners and operators focused on UST compliance concerns.

Objective 3: Restore Land

Superfund sites that are "sitewide ready for anticipated use"

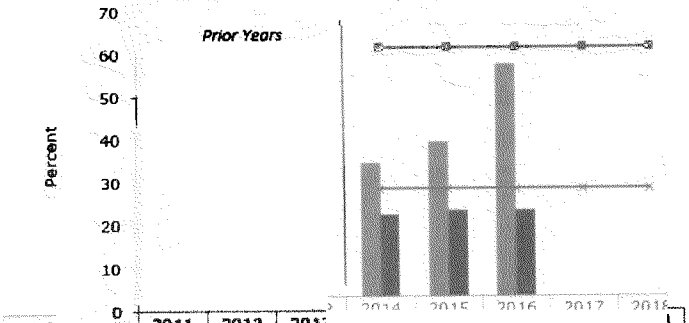


Pace of cleanups has slowed, as cleanups become more challenging and complex.

- Additional 9,640 sites Ready for Anticipated Use (RAU) in FY 2016 (FY 2016-2017 APG), but Superfund and RCRA missed cleanup targets due to limited resources and challenging and complex environmental problems (e.g., the persistent presence or perceived presence of hazardous substances in soil, sediment, and groundwater).

Objective 4: Strengthen Human Health and Environmental Protection in Indian Country

Percent of tribes implementing federal regulatory environmental programs, and percentage of tribes conducting EPA-approved environmental monitoring and assessment activities in Indian country



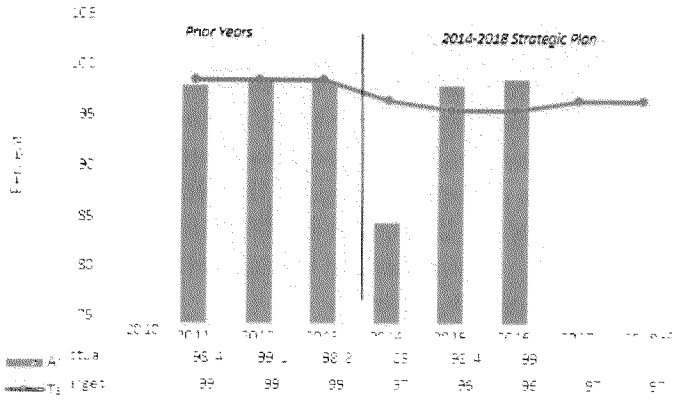
	2011	2012	2013	2014	2015	2016	2017	2018
Actual Mon				31	36	54	0	0
Actual Reg				19	20	20	0	0
Target Mon				58	58	58	58	58
Target Reg				25	25	25	25	25

Most tribes not seeking authority to implement federal environmental regulatory programs, but more tribes are taking on monitoring activities.

- This objective remains a Focus Area of Improvement for third year as a result of strategic reviews. Challenges include tribal diversity (population, culture, geography, expertise); unique legal and policy issues; and need for improved EPA tribal data management.
- EPA carrying out direct implementation program assessments to help address the challenges. EPA also working to improve tribal measures through the Indian General Assistance Program (GAP) Performance Management System, and exploring ways to strengthen EPA-tribal joint planning.

Objective 1: Ensure Chemical Safety

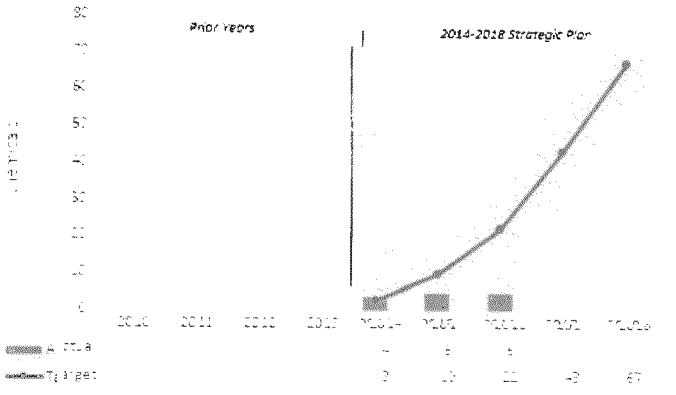
Percent of decisions completed on time (on or before PRIA or negotiated due date)



Pesticides Program on track to meet all deadlines while addressing unforeseen events like Zika.

- Completed 99% of PRIA decisions on time; registered 20 new active ingredients and completed 213 new use registration decisions.
- On track to meet 2022 deadline to complete registration review risk assessments and make decisions on all pesticides registered prior to October 1, 2007; by end of FY 2016, had reregistered 20,077 out of 25,044 products.
- In FY 2016, Pesticides Program also acted to:
  - reduce spread of Zika using expert technical assistance and communications support;
  - mitigate endangered species risks: first-ever biological evaluations – 3 organophosphates;
  - advance assessment of effects of pesticides on pollinators: first comprehensive bee assessment of a neonicotinoid insecticide

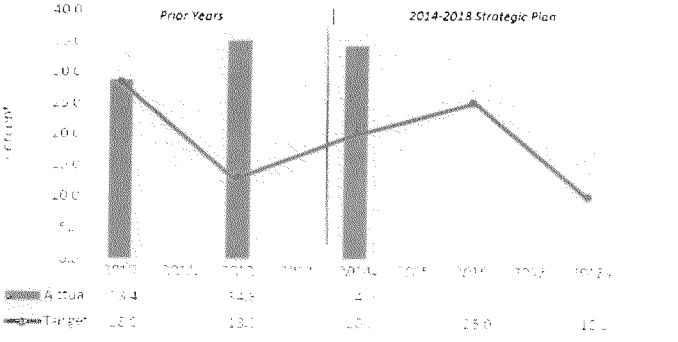
Number of currently identified TSCA Work Plan Chemicals assessed



Amended Toxic Substances Control Act (TSCA), enacted in June 2016, more flexible, but delays assessments for Existing Chemicals Program.

- The Existing Chemicals program had completed 5 assessments prior to the new Act. Now program has 3.5 years to complete assessments for the first 10 chemicals, which have been selected and made public. (FY 2016-2017 APG: Missed Existing Chemicals target; New Chemicals, Pesticides, EDSP on track.)
- Processing of New Chemicals and Chemical Processes (i.e., not one of 60,000 documented as existing in commerce under TSCA) is expected to continue to keep up with the 1000 assessment requests from industry per year.

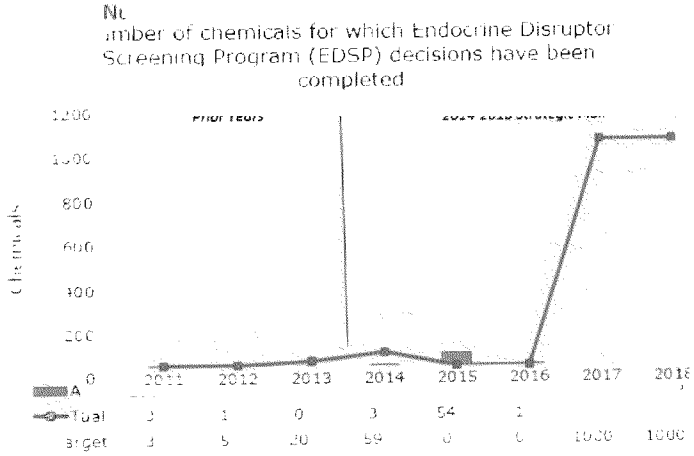
4.1 Percentage difference in the geometric mean blood lead level in low income compared to non-low income children 1-5 years old



Overall blood lead levels in children declined; low/non-low income disparity remains high.

- Key source is lead paint in older homes.
- Only 25% of certified Renovation Repair and Painting firms seek recertification.
- In FY 2016, EPA expanded a pilot program using education and outreach to urban area followed by enforcement actions. Local certifications increased afterward in the pilot area.

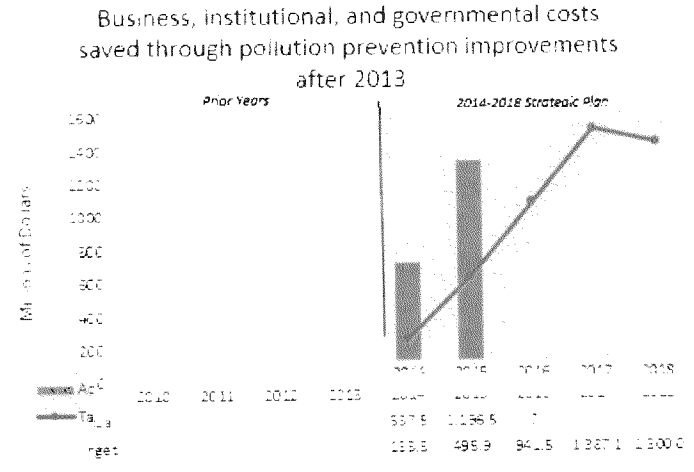
Objective 1 (continued)



Endocrine Disruptor Screening Program to complete 1,000 screenings/year, up from 54 max.

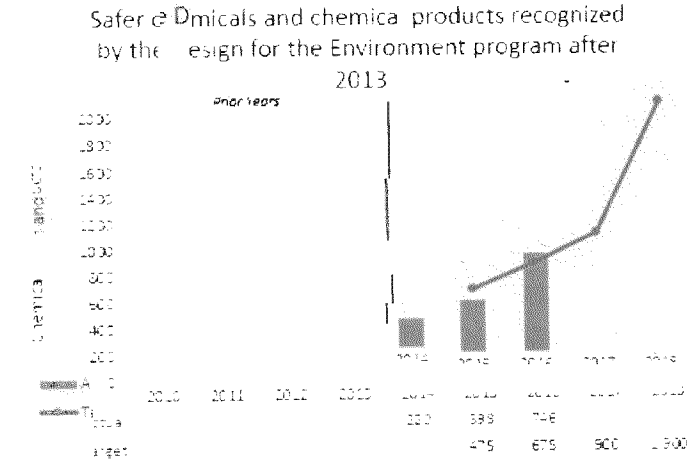
- Over 10 years, ORD developed high throughput testing (data gathered on large number of cell samples subjected to chemicals) and computational toxicology (computer models of pathways and reactions that chemicals follow in living creatures) to assess the probability of endocrine disruption for different chemicals. These techniques are alternatives to inefficient testing using animals.
- FY 2016 is transition year; results in FY 2017.
- Breakthrough in efficiency will rapidly increase knowledge of likely chemical health impacts.
- ORD could potentially apply these methods to screen for neurotoxicity, cancer and more.

Objective 2: Promote Pollution Prevention



Market-based voluntary Pollution Prevention (P2) Program exceeds targets to save industry money through pollution prevention.

- P2 helps small manufacturers save money by reducing water, electricity and solid waste usage and associated pollution.
- The results shown are only for new changes made and do not reflect recurring savings from past improvements.

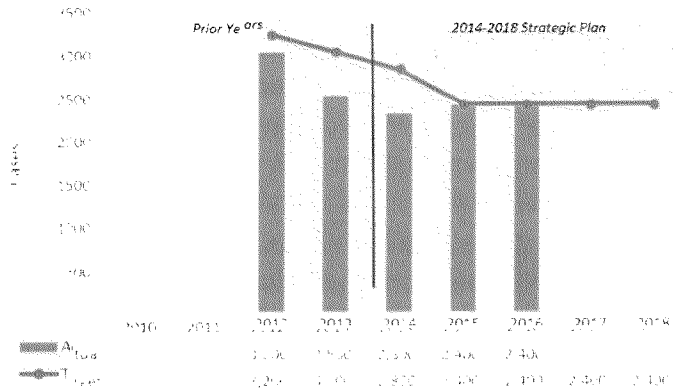


Safer Choice labels increase transparency for consumers.

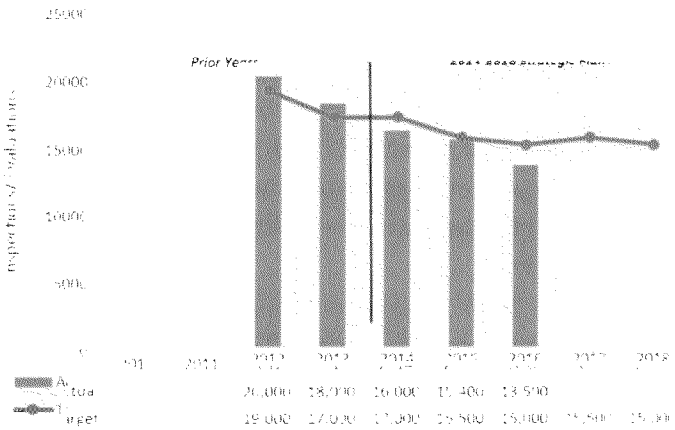
- Chemicals and chemical products that meet EPA's stringent criteria for low risks can earn the Safer Choice label.
- This voluntary program has attracted companies that see a potential market for "safer" products.

Objective 1: Enforce Environmental Laws to Achieve Compliance

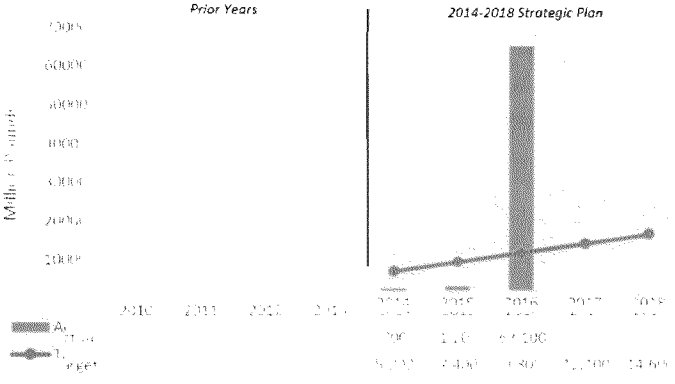
Number of civil judicial and administrative enforcement cases concluded



Number of federal inspections and evaluations



Hazardous waste treated, minimized, or properly disposed as a result of concluded enforcement actions



EPA met key performance goals and had a record year for penalties but missed its FY 2016 inspections target.

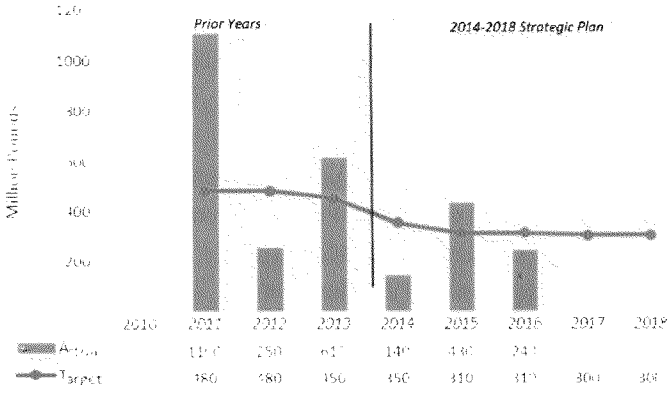
- In FY 2016, EPA met its goal for civil judicial and administrative case conclusions (2,400), and obtained nearly $5.8 billion in federal administrative and civil judicial penalties. This result was dominated by the record setting $5.6 billion Clean Water Act penalty from BP Exploration and Production Inc., in the Deepwater Horizon case.
- EPA was also very successful in reviewing open consent decrees for overall compliance status (100% reviewed).
- EPA missed its target for FY 2016 inspections. Inspections have declined over the last 5 years concurrent with reduced budget and travel funds; this trend is expected to continue if budget reductions continue.

EPA exceeded its targets for reducing hazardous waste and toxic pesticide pollutants, but fell short of meeting targets for reductions in air and water pollution.

- Environmental benefits of enforcement actions can vary significantly year to year depending on the number and types of cases settled in a particular year. Results can be much higher or much lower than the targets.
- EPA far exceeded its target for hazardous waste. In FY 2016, EPA concluded a record settlement with Mosaic LLC addressing RCRA violations at its phosphate chemical facilities for mismanagement of hazardous waste. The settlement set a case record -- an estimated 62 billion pounds of hazardous waste will be reduced, minimized, or properly disposed of.

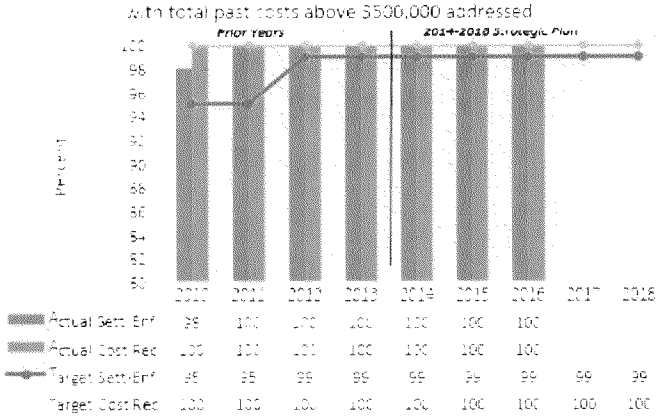
Objective 1 (continued)

Air pollutants reduced, treated, or eliminated as a result of concluded enforcement actions



- EPA missed its FY 2016 target for reduction of air pollutants as a result of concluded enforcement actions, due in part to increased focus on facilities that emit illegal levels of toxic air pollutants. Cases that reduce smaller amounts of illegal toxic air emissions have a public health benefit comparable to EPA's cases that have had higher total air pollutant reductions in the past.
- EPA also missed its FY 2016 target for reduction of water pollutants (not pictured). Reductions are expected to decline as EPA completes sewer system enforcement work with larger cities and shifts its focus to smaller cities.

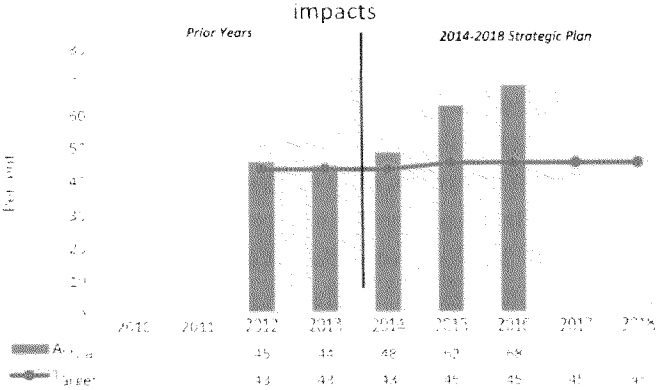
Superfund sites with non-fed RPs with settlements or enforcement actions; Cost recovery statute of limitation cases with total past costs above $500,000 addressed



EPA exceeded Superfund enforcement targets.

- EPA achieved its goal of 100% of Superfund sites having viable non-federal responsible parties with settlements reached or enforcement actions taken; and 100% of cost recovery statute of limitation cases with total past costs above $500,000 addressed – meeting both targets (not graphed)
- In FY 2016, private party Superfund cleanup commitments exceeded $1 billion. Additionally, EPA billed private parties for $92 million in "oversight" costs, the third highest amount ever billed during a fiscal year.

Percentage of criminal cases having the most significant health, environmental, and deterrence impacts



EPA exceeded target for the percentage of criminal enforcement cases having the most significant health, environmental, and deterrence impacts.

- EPA is pursuing fewer, but more complex and higher impact criminal cases.

To: Bailey, Chad[bailey.chad@epa.gov]; Bloomer, Bryan[Bloomer.Bryan@epa.gov]; Burke, Thomas[Burke.Thomas@epa.gov]; Charmley, William[charmley.william@epa.gov]; Costa, Dan[Costa.Dan@epa.gov]; 'craig.beth@epa.gov'[craig.beth@epa.gov]; Dunham, Sarah[Dunham.Sarah@epa.gov]; DeMocker, Jim[DeMocker.Jim@epa.gov]; Fegley, Robert[Fegley.Robert@epa.gov]; Flynn, Mike[Flynn.Mike@epa.gov]; 'grundler.christoper@epa.gov'[grundler.christoper@epa.gov]; Haeuber, Richard[Haeuber.Richard@epa.gov]; 'higgins.becky@epa.gov'[higgins.becky@epa.gov]; Hoyer, Marion[hoyer.marion@epa.gov]; Cook, Leila[cook.leila@epa.gov]; Hubbell, Bryan[Hubbell.Bryan@epa.gov]; Hunt, Sherri[Hunt.Sherri@epa.gov]; Johnson, Jim[Johnson.Jim@epa.gov]; Jones, Jim[Jones.Jim@epa.gov]; Kadeli, Lek[Kadeli.Lek@epa.gov]; Kasman, Mark[Kasman.Mark@epa.gov]; Kolb, Laura[Kolb.Laura@epa.gov]; McCabe, Janet[McCabe.Janet@epa.gov]; Owen, Russell[Owen.Russell@epa.gov]; Page, Steve[Page.Steve@epa.gov]; Preuss, Peter[Preuss.Peter@epa.gov]; Harvey, Reid[Harvey.Reid@epa.gov]; Robarge, Gail[Robarge.Gail@epa.gov]; Sargeant, Kathryn[sargeant.kathryn@epa.gov]; Sasser, Erika[Sasser.Erika@epa.gov]; Simon, Karl[Simon.Karl@epa.gov]; Shaw, Betsy[Shaw.Betsy@epa.gov]; Teichman, Kevin[Teichman.Kevin@epa.gov]; Trovato, Ramona[Trovato.Ramona@epa.gov]; Vandenberg, John[Vandenberg.John@epa.gov]; Winner, Darrell[Winner.Darrell@epa.gov]; 'Stan Meiburg (Meiburg.stan@Epa.gov)'[Meiburg.stan@Epa.gov]; 'aayala@arb.ca.gov'[aayala@arb.ca.gov]; bcroes@arb.ca.gov[bcroes@arb.ca.gov]; 'mnichols@arb.ca.gov'[mnichols@arb.ca.gov]; 'michael.claggett@fhwa.dot.gov'[michael.claggett@fhwa.dot.gov]; 'cecilia.ho@dot.gov'[cecilia.ho@dot.gov]; 'april.marchese@fhwa.dot.gov'[april.marchese@fhwa.dot.gov]; 'victoria.martinez@fhwa.dot.gov'[victoria.martinez@fhwa.dot.gov]; 'gurpreet.singh@ee.doe.gov'[gurpreet.singh@ee.doe.gov]; 'carl.maronde@netl.doe.gov'[carl.maronde@netl.doe.gov]
Cc: dgreenbaum@healtheffects.org[dgreenbaum@healtheffects.org]; Robert O'Keefe[ROKeefe@healtheffects.org]; Kelley-Anne Clisham[kaclisham@healtheffects.org]
From: Rashid Shaikh
Sent: Wed 3/8/2017 5:02:10 PM
Subject: Follow-up to yesterday's Sponsors meeting
HEI -- Sponsors Presentation 030617 - Final.pdf
EPA Costa -- EPA 2017 sponsors meeting.pdf
French 2017 Sponsors meeting.pdf
Toyota Collect 2017 HEI Sponsors meeting.pdf
Ford Wallington -- 2017 HEI Sponsors meeting.pdf
Costantini 2016 Advanced Collaborative Emissions Study Emissions Control....pdf

Dear HEI Sponsors:

Mysteries of Delta's flight scheduling notwithstanding, we were glad that several colleagues from EPA were able to join us by phone yesterday for the annual meeting with the HEI Research Committee; our thanks to all of you. Also, special thanks to Stacey Katz for attending in person. We thought that we had a very good meeting and we appreciate your support and your ideas and suggestions about HEI's current and future work.

I have attached copies of the presentations made during the meeting. I have also attached the paper summarizing the ACES program (Costantini et al., DOI 10.1007/s40825-016-0046-y). Please let me know if you have any questions.

We hope to see you in a couple of months at the HEI Annual Conference. With best wishes,

Rashid

Rashid

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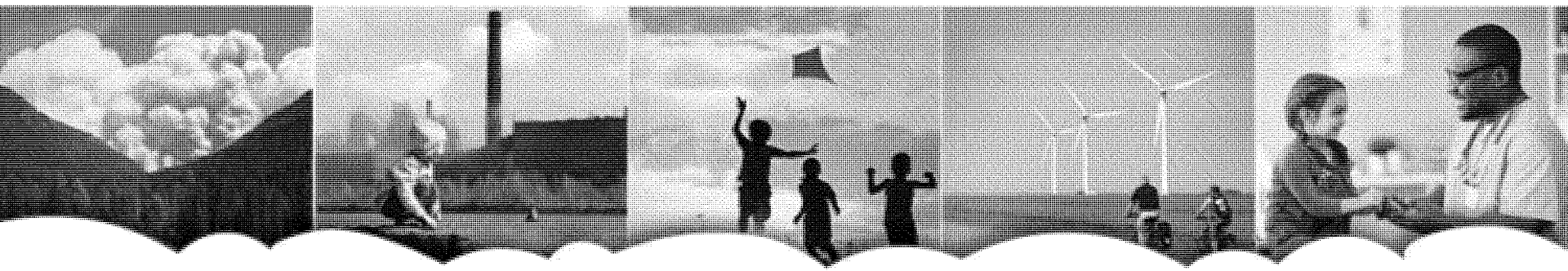
Update on EPA Activities and Connections with HEI



HEI Sponsors' Meeting

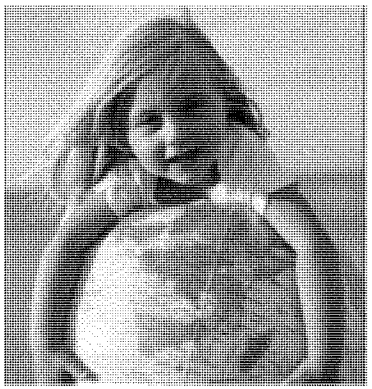
Boston, MA

March 6, 2017

Overview

- Success of EPA-HEI partnership
- HEI activities: Areas of particular interest to EPA
- Highlights from EPA's research and program offices

- Supplemental Information
  - EPA contacts
  - Current NAAQS review schedule
  - Current near-road monitoring sites



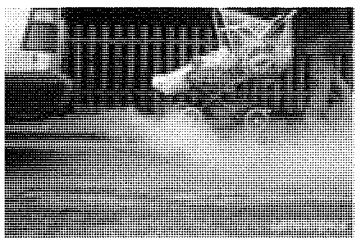
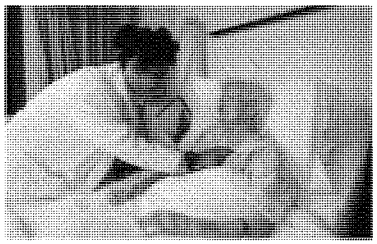
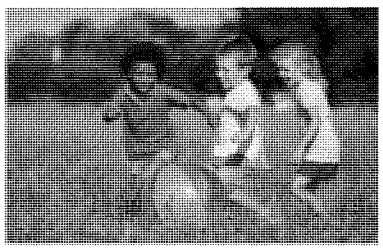
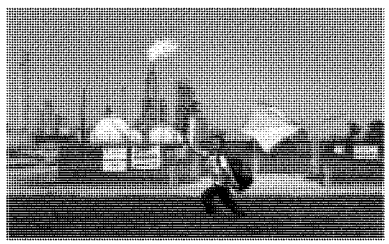
EPA-HEI Partnership is Extremely Successful

- EPA-HEI partnership continues to provide impartial science that is high quality, timely, targeted, and useful
- HEI plays an important role in:
  - Fostering innovative research on important issues
  - Synthesizing, evaluating, and translating critical bodies of scientific literature
  - Promoting learning opportunities and supporting young investigators

HEI Activities: Areas of Particular Interest to EPA

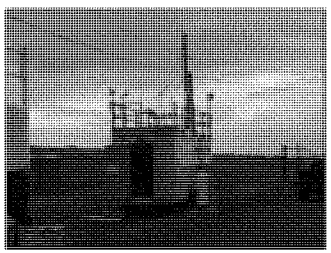
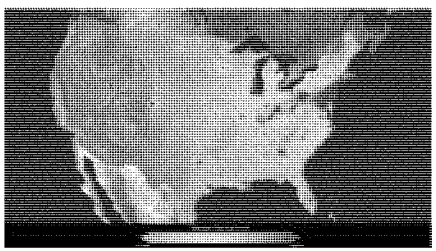
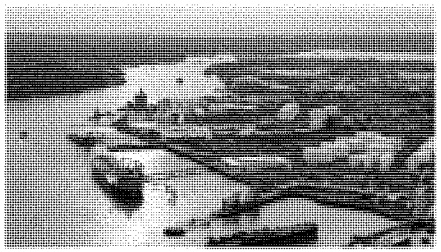
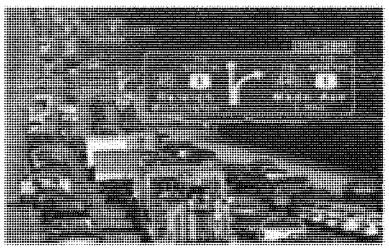
Improved Understanding of Health Effects

- Expanding our understanding of individual criteria pollutant exposures and health effects within a complex environment
  - Impacts of copollutants and non-pollutant stressors
  - Shape of the concentration-response at low ambient concentrations
  - Heterogeneity observed in health effect associations
  - Effects in at-risk populations and life stages
  - Modes of action through which effects occur
  - Health effects occurring outside the respiratory and cardiovascular systems
- Ongoing and upcoming studies on traffic-related exposure and health

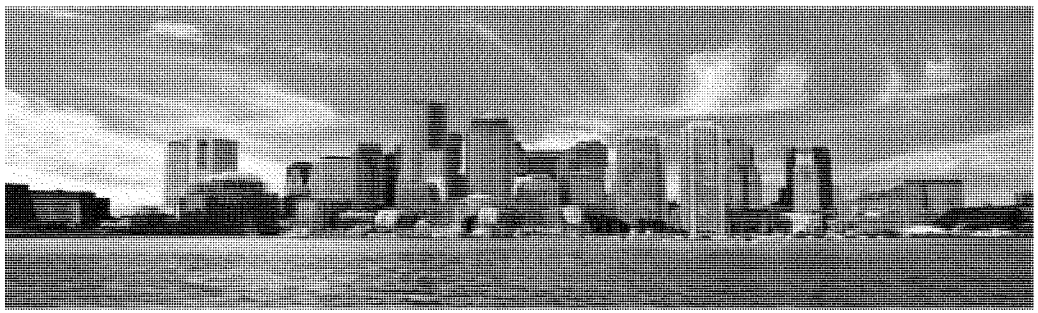
Better Characterization of Pollutant Exposure

- Enhancing our understanding of the impact of particle characteristics on PM exposures and associated health effects
  - Role of PM composition and of size fractions in addition to $PM_{2.5}$ (i.e., coarse, ultrafine)
- Improving characterizations of pollutant exposures
  - Evaluating novel exposure surrogates in epidemiology studies (e.g., satellite, models)
  - Elucidating exposure concentrations, patterns and durations contributing to key effects
  - Improving exposure assessments in specific microenvironments
    - Including near-road environments, ports, and indoor environments (e.g., ongoing RFAs)
    - Assessing impacts of emerging fuels and technologies (e.g., fuel-PM workshop)

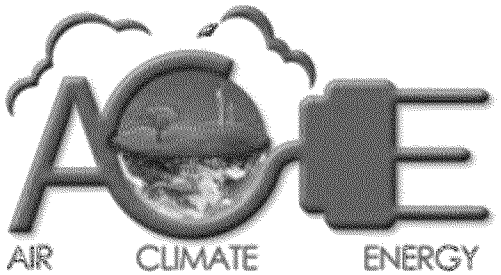





Enhanced Methods for Informing Decisions to Improve Public Health

- Expanding knowledge and tools to support making decisions on air pollution control strategies that maximize health benefits achieved
  - EPA continues to promote multipollutant air quality management, providing information to state/local agencies in support of multipollutant planning
- Developing innovative approaches for evaluating public health impacts of air quality improvements
  - Accountability studies focused on the implementation of large-scale national regulatory programs, as well as regional or local actions, are of interest
- Increasing transparency and data access

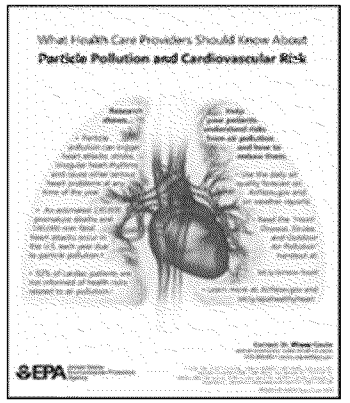


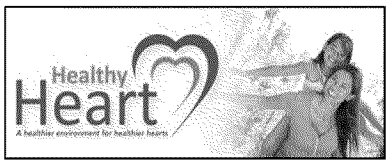
Highlights from EPA's Research and Program Offices…

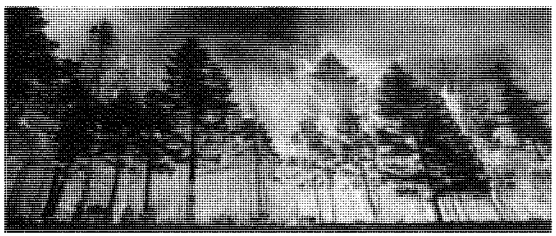


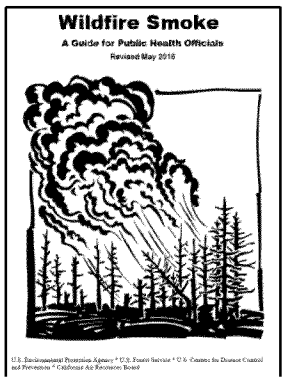
Broadening Public Health Perspective

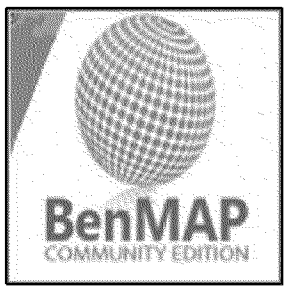
- Strengthening outreach to broader stakeholder groups (public health, medical professionals)
- Increasing focus on issues of national importance (e.g., wildland fires, multipollutant exposures, and exposure reduction strategies)
- Expanding communications and guidance for high pollution events
  - Updating Wildfire Smoke Guide (with other Federal and State agencies)
  - Improving AirNow, including making it more responsive to rapidly changing air quality
- Working to improve U.S. and international benefits assessments
  - Quantifying impacts of multipollutant and multi-stressor (e.g., temperature) exposures in BenMap-Community Edition (BenMap-CE)





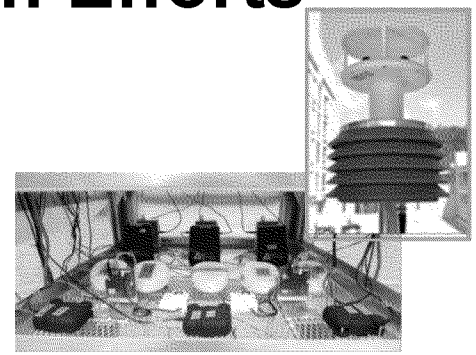


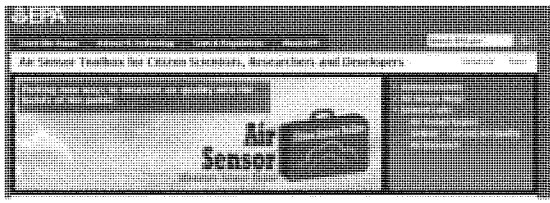


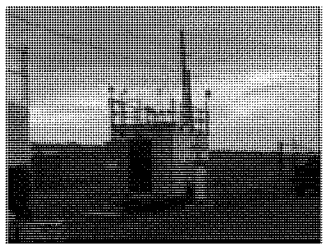


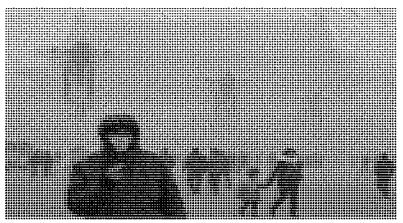
Expanding Ambient Data Collection Efforts

- Next generation of air monitoring is evolving rapidly
  - Low cost, portable sensors for measuring local air quality are becoming more publically available
  - EPA's Air Sensor Toolbox website represents primary clearinghouse for emerging technology findings and for sensor-related communications materials
- Near-roadway monitoring network may help to improve our understanding of pollutant exposures and health risks in near-road environment (see Supplemental Information)
  - NO_2 (70 monitors)
  - $PM_{2.5}$ (52 monitors)
  - CO (52 monitors)
- Air quality monitoring efforts at U.S. embassies in South America, Africa, India, Asia and Middle East improving our understanding of exposures internationally (see next slide)



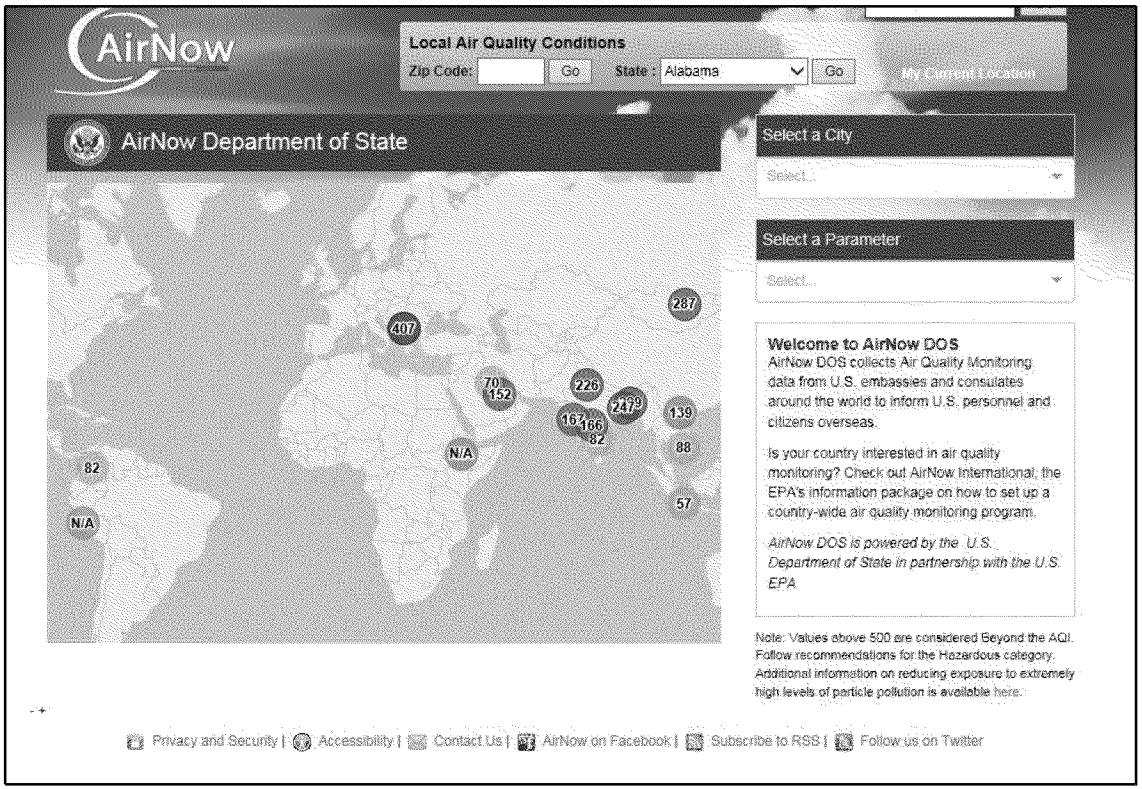






AirNow & US Embassy Monitoring Program

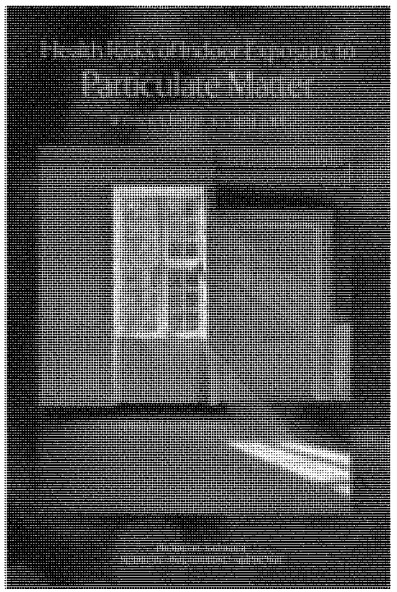
- EPA certified monitors operated by US Embassy staff
- Online:
  - Mongolia (Ulaanbaatar)
  - India (5 cities)
  - Vietnam (2 cities)
  - Indonesia (Jakarta)
  - Bangladesh (Dhaka)
  - Bahrain (Manama)
  - Kuwait (Kuwait City)
  - Kosovo (Pristina)
  - Ethiopia (Addis-Ababa)
  - Peru (Lima)
  - Colombia (Bogota)
- Others coming soon:
  - China (6 cities)
- AirNow DOS serves as the reporting platform



Indoor Environments

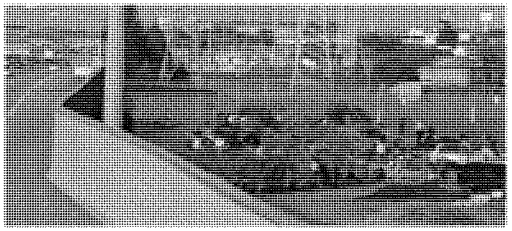
Examining Indoor PM Issues

- Sponsored recent workshop convened by the National Academies of Science, Engineering and Medicine (NASEM) on the health risks of exposure to PM indoors
- Reviewing workshop summary report and considering strategies to further protect public from indoor exposures to PM
- Considering development of Indoor Air Quality (IAQ) metric(s) to improve building professionals' and public's ability to use IAQ management tools and to assess the outcomes of IAQ-related actions

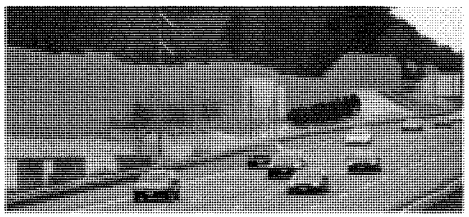


Mobile Source Activities

Near Roadway Highlights



- Evaluating effectiveness of vegetation barriers (field studies in Oakland, CA and Detroit, MI)
- Characterizing best practices for reducing near-road air pollution exposure at schools
- Ongoing development and evaluation of model algorithms for evaluating impacts of solid barriers (e.g., sound walls)



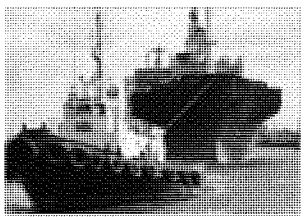
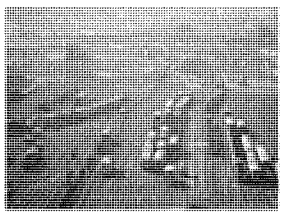
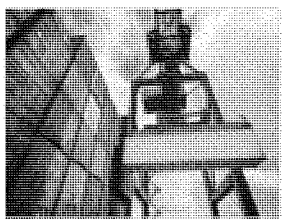
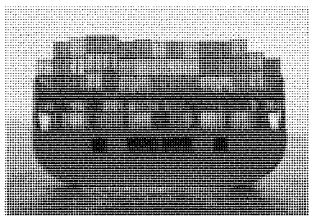
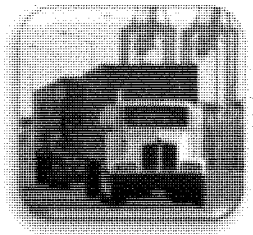
Fuels – Ongoing Area of Focus

- EPA sets renewable fuel standard (RFS) volumes annually
- Collaborating with Environment and Climate Change Canada to assess fuel effects on gasoline direct-injection vehicle emissions
- Recent EPA monitoring analysis shows substantial decreases in ambient PM attributed to ocean-going vessels using lower sulfur fuel as part of the North American Emission Control Area

EPA's Ports Initiative

Informed by a 2-year recommendation process under FACA, poised to be a one-stop resource center for proactively improving air quality in communities near ports, through the following elements:

- **Guidance:** Measurement tools and help to ID the best clean air investments
- **Collaboration:** Work with port-community to prioritize and advance clean air projects. Capacity-building tool pilot projects (Savannah, GA; New Orleans, LA; and Seattle, WA)
- **Coordination:** Align federal port-related activities to more effectively assist the port industry, communities, and state/local governments.
- **Communications:** Web resource for port industry, communities, stakeholders
- **Funding**: Connect existing efforts with clean air project opportunities at ports

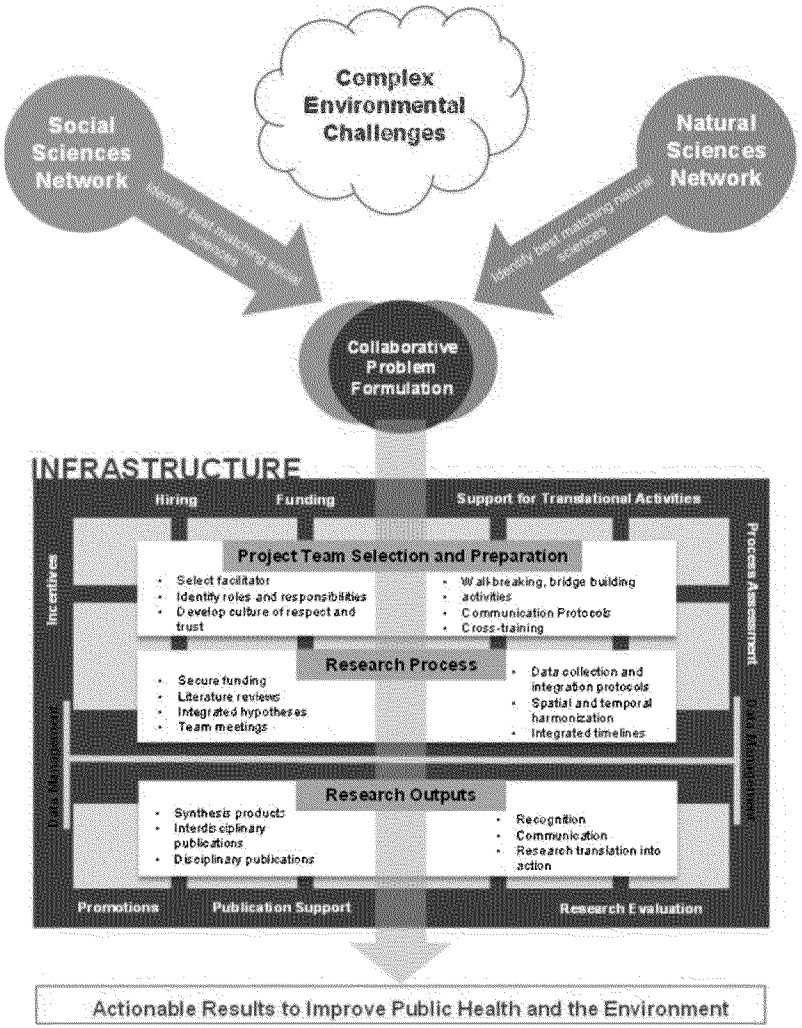






Making New Investments

- Air, Climate, and Energy (ACE) Centers
  - Three 5-year centers funded in 2016
    - Center for Air, Climate and Energy Solutions (CACES), CMU
    - Harvard ACE Center
    - SEARCH: Solutions for Energy, Air, Climate and Health, Yale
  - Emphasis on implementation issues and improving our understanding of regional differences and multipollutant exposures within a changing climate
- Air Pollution Monitoring for Communities Grants
  - Six new grants funded in Summer 2016
  - Focused on development and use of low-cost air sensor technology, while engaging communities to learn more about local air quality
- Smart City Air Challenge
  - Enables two communities (Baltimore, MD; Lafayette, LA) to deploy hundreds of air quality sensors and make the data public

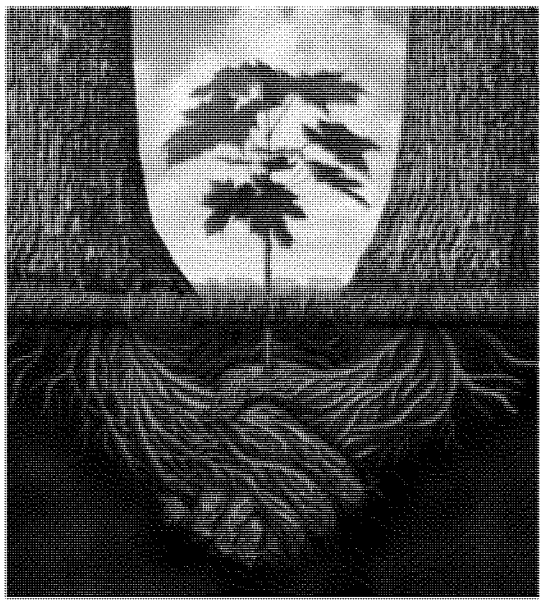
Integrating Social and Natural Sciences

- Developing plan to improve integration of social sciences research into overall research portfolio
  - Including interdisciplinary social and natural scientists, multiple stakeholders
  - Focusing on problem formulation
  - Recently requested and received input from EPA's Board of Scientific Counselors (BOSC)



Thank You…

For continuing to provide research and analyses that benefit human health, the environment, and policy



Supplemental Information

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NAAQS Reviews: Status Update (February 2017)

	Ozone	Lead	Primary NO_2	Primary SO_2	Secondary (Ecological) NO_2, SO_2, PM[1]	PM[2]	CO
Last Review Completed (final rule signed)	Oct. 2015	Sept 2016	Jan 2010	Jun 2010	Mar 2012	Dec 2012	Aug 2011
Recent or Upcoming Major Milestone(s)[3]	TBD[4]	TBD[4]	Jan 2016 Final ISA Sep 2016 1st Draft PA Spring 2017 Final PA	Dec 2016 2nd Draft ISA Feb 2017 REA Planning Document March 2017 CASAC review of Draft ISA and REA Planning Document	Jan 2017 Final IRP Feb 2017 1st Draft ISA May 2017 CASAC review of 1st Draft ISA	Dec 2016 Final IRP Winter 2017/2018 1st draft ISA REA Planning Document	TBD[4]

Additional information regarding current and previous NAAQS reviews is available at: http://www.epa.gov/ttn/naaqs/

[1] Combined secondary (ecological effects only) review of NO_2, SO_2, and PM

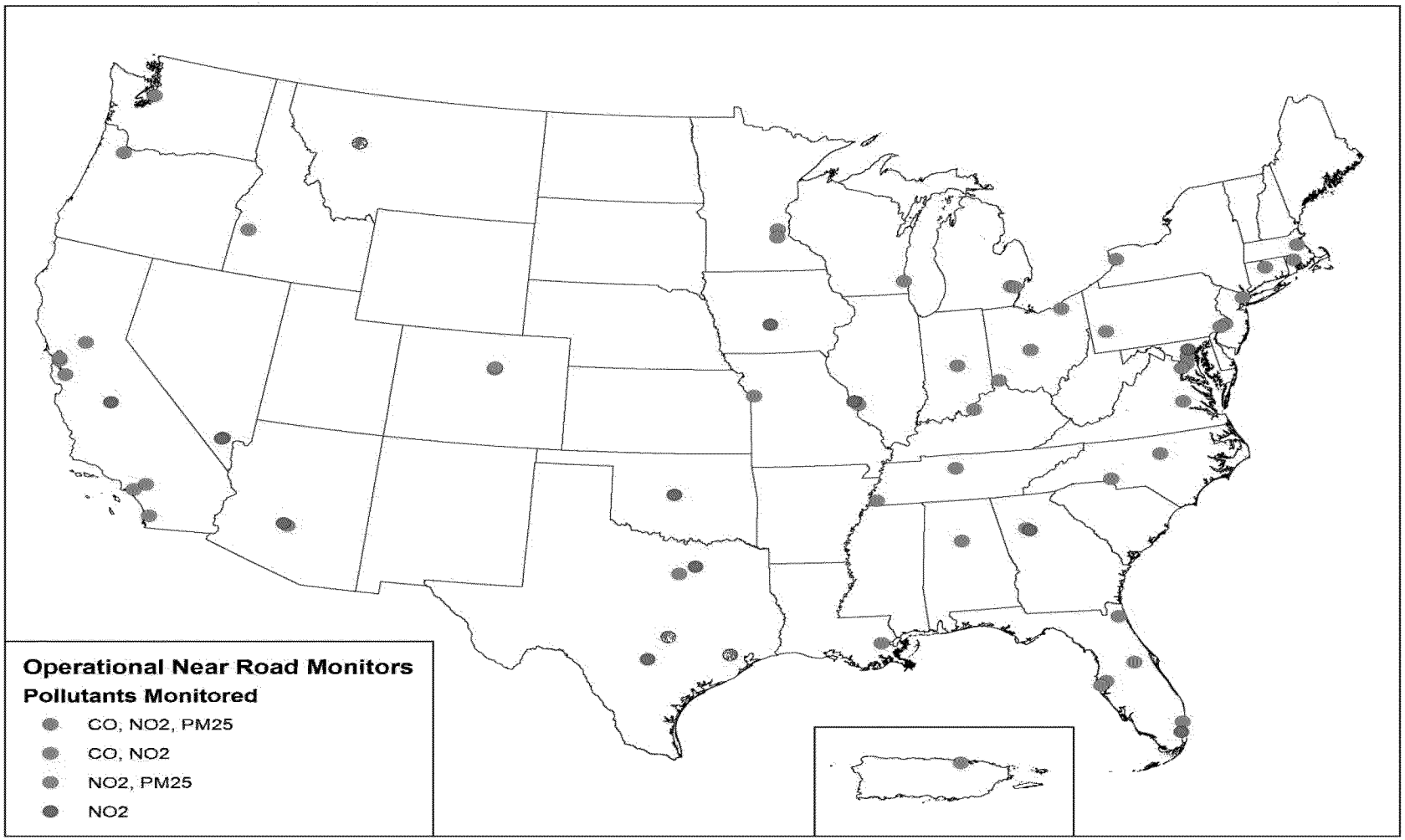
[2] Combined primary and secondary (non-ecological effects) review of PM

[3] IRP – Integrated Review Plan; ISA – Integrated Science Assessment; REA – Risk and Exposure Assessment; PA – Policy Assessment

[4] TBD = to be determined

Locations of Near-Road Monitors

(as of February 2017)



To: Actadmmccabe, Catherine17[Ex. 6 - Personal Privacy]; Flynn, Mike[Flynn.Mike@epa.gov]
From: Minoli, Kevin
Sent: Fri 2/10/2017 4:09:37 AM
Subject: Drafts
FR notice of reconsideration template(1).docx
FR notice of reconsideration template.docx

Here they are. They are not "done" yet as we have some cites, etc., to complete, but they are 95% done. Kevin

Kevin S. Minoli

Acting General Counsel

Office of General Counsel

US Environmental Protection Agency

Office Line: 202-564-8040

Direct Dial: 202-564-5551

Message

From: Hull, George [Hull.George@epa.gov]
Sent: 3/10/2017 3:41:35 PM
To: Konkus, John [konkus.john@epa.gov]
CC: Grantham, Nancy [Grantham.Nancy@epa.gov]
Subject: CAFE Standard Comms Docs
Attachments: MTE-Q-A-DRAFT 03-03-17.docx; CA1078111110.pdf; document_gw_13.pdf; Letter-to-EPA-Admin.-Pruitt-Feb.-21-2016-Signed.pdf; CAFErolloutstakeholderstatements.docx; CAFE Questions.docx; CAFE Release 3.6.16.docx; CAFE-FINAL FINAL-joint-notice-DOT-EPA.DOCX

John,
Please find attached the following draft documents related to the upcoming, joint EPA/DOT announcement on CAFÉ standards: 1) Q+A; 2) Four additional Qs that will need to have answers; 3) a letter from the auto sector to Administrator Pruitt requesting withdrawal of the Mid-term Evaluation for Light Duty Vehicles; 4) a letter and memo to the President requesting the same; 5) A list of leading auto stakeholders and their plans for roll out; 6) Press Release as shared with DOT on Wednesday; 7) Federal Register Notice which has been signed by Administrator Pruitt (and is with DOT for Secretary Choa's signature).

You will need to add the Comms Plan that you revised this morning. - George

AUTO ALLIANCE
DRIVING INNOVATION®

To: President-elect Donald J. Trump Transition Team
From: Mitch Bainwol, President and CEO
Date: November 10, 2016
Subject: **The Automobile Sector -- Forging Public Policy for Even Safer, Cleaner and More Transformative Mobility**

INTRODUCTION

These are heady times for the auto industry and mobility in the U.S. New vehicle sales are strong, employment is growing, safety technologies are now making it possible to prevent crashes instead of just surviving them, research is ambitious and consequential, and technological innovations are re-defining mobility as we know it. We have a keen understanding that what we do – build vehicles that move America (and the world) – is critical to public safety, ensures there is a growing economy and also helps to better protect our environment. Now more than ever, sound public policy for the automotive industry is essential not only for our sector's continued success but for this country's economic growth.

Sound public policy provides certainty so businesses can plan; it mitigates chaos so that rules are clear and fair and equitably enforced; it relies on a commitment to established regulatory practices like rigorous cost/benefit analysis; it provides timely and harmonized government responses both within agencies and between agencies; and it recognizes the importance of vehicle affordability for consumers as well as the corresponding efficiency and safety benefit to the traveling public.

It's in that spirit that we reach out to your Transition Team. This memorandum has two sections. The first outlines the context for our industry as we head into 2017. The second offers some policy recommendations for the Transition team to consider as you reflect on next year.

CONTEXT

GROWTH

2015 marked an unprecedented sixth year of sales growth and an all-time record for new vehicles sales (17.5 million). 2016 could - potentially - be the seventh year of increased sales. The combination of an aging fleet (average age of a car is now 11.5 years old), coupled with attractive

incentives from manufacturers, low interest rates and longer financing terms has generated the strength of this recovery. Yet we are a cyclical industry. Accordingly, we do not view growth as an entitlement. Sustainable growth requires the development of compelling product on our part, favorable economic conditions (including healthy disposable income, readily available and inexpensive financing) and a regulatory framework that is securely grounded in common sense at both the state and federal level.

PLANTS

Since 2008, four new manufacturing plants have been launched in the U.S. and there has been substantial, multi-billion-dollar reinvestment in existing plants. New plants are located in: Greensburg, IN (Honda), West Point, GA (Kia), Blue Springs, MS (Toyota), and Chattanooga, TN (Volkswagen). Also, Volvo is slated to open its new plant in South Carolina in 2018. More broadly, over the last decade (including 2005), six manufacturing plants opened in the U.S. while one plant opened in Canada and five plants opened in Mexico. Given our highly competitive industry, plant location choices reflect trade rules, sales patterns, port and infrastructure access, and cost structure.

PRODUCT

Americans view automobiles manufactured today as significantly improved relative to a decade ago, according to the Auto Index national tracking poll conducted monthly by the Alliance. Ratings (better vs. worse) for quality (79-12), technology (93-2), safety (85-7) and fuel economy (88-3) all are up profoundly. Especially in a low gas-price context, the types of vehicles that Americans buy continues to evolve, reflecting functional lifestyle needs. As you can see below, over the past fifteen years, CUVs (Crossovers) have picked up market share from each of the other segments, with traditional passenger cars now accounting for just over 40% of new vehicle purchases.

Year	2015	2010	2005	2000
Car	43.3	48.7	45.2	50.6
CUV	30.0	24.5	12.9	3.5
Pickup	14.2	13.9	18.8	18.3
SUV	7.2	6.9	14.5	17.2
Van	5.3	5.9	8.7	10.3

For more information about the automotive industry, please visit: www.autoalliance.org/

SAFETY

From the 1970's through 2014, fatalities on the road as a share of vehicle miles traveled (VMT) fell dramatically. Viewed through the lens of a longer vantage point - the half century dating from the passage of the National Traffic and Motor Vehicle Safety Act in 1966 through 2014 - fatalities as a share of miles travelled are down about 80 percent. Yet far too many individuals are losing their lives on our roadways (35,092 in 2015). As NHTSA notes, 94% of all crashes are attributable to driver choices and human error, including impaired driving, lack of seat belt use, speeding, and distraction. Vehicle defects are a factor in less than 1% of these fatalities and our industry is working to reduce that number even more. A bright spot is the rapidly emerging technologies that mitigate human error and help save lives by preventing crashes from happening.

Still, and unfortunately, in 2015 fatalities rose 7.2%. It will take additional time for the Department of Transportation and other stakeholders to determine why this occurred. Increased VMT explains part of the rise, but that still leaves a significant part resulting from other causes, including distraction on the part of both drivers and pedestrians and potentially higher bicycle and motorcycle fatalities. Our preliminary look at the data suggests the vehicle factor share is unchanged at under 1%.

ENVIRONMENTAL

Smog-forming pollutants have been virtually eliminated from passenger cars, down over 99% since the 1960s. We are now complying with policies designed to mitigate the last 1% of these pollutants. Meanwhile, cars are far more efficient than they were even a decade ago as automakers down-weight and deploy new technologies to reduce carbon emissions. The increases in fuel economy have occurred in recent years even as the combination of low gas prices and higher conventional engine efficiency has resulted in declining market share of alternative powertrain vehicles and, as noted, growing market share of light trucks versus cars.

	2005	2012	2013	2014	2015
Adjusted Fuel Economy (MPG)	19.9	23.7	24.3	24.3	24.7 (p)
Hybrids	205,828	427,676	498,054	452,507	378,402
Hybrid %	1.21%	2.96%	3.21%	2.75%	2.18%
Plug-in Hybrid	0	38,585	48,957	55,441	43,458
Plug-in Hybrid %	0.00%	0.27%	0.32%	0.34%	0.25%
Electric	0	13,941	47,595	64,772	70,823
Electric %	0.00%	0.10%	0.31%	0.39%	0.41%
Alt Total	205,828	480,207	594,606	572,722	492,683
Total	16,947,754	14,439,684	15,531,706	16,435,286	17,386,331
Percent All Volume	1.21%	3.33%	3.83%	3.48%	2.83%

Source: Wards Auto/ EPA Trends Report for Adjusted Fuel Economy

INNOVATION

We are in the midst of an incredibly dynamic time in the history of our industry. Change and disruption is rapid; new players are entering our sector; new business collaborations are being established; and new models of mobility are emerging.

The future holds vast and diverse opportunities. We know there will be more ride sharing entrants and programs and that the traditional models of vehicle ownership are evolving. We know that new cars will take over more and more of the driving duties, ultimately achieving full autonomy, but that a majority of the fleet will not be self-driving for more than a generation. We know that technology, while not perfect, offers the promise of reducing crashes, injuries and fatalities on American roadways. With wider deployment of crash avoidance technologies, we will achieve a range of other social objectives including reduced fuel consumption, lower carbon emissions and higher productivity rates. Autonomy is destined not only for automobiles but also for large trucks and buses. And long term, autonomy will present far-reaching implications for everything from urban land use to public transportation and infrastructure requirements.

Due to the rapid change that is occurring in the auto sector, our industry has proactively established an Automotive Information Sharing and Analysis Center (Auto-ISAC) to facilitate the exchange of important cyber threat information – and countermeasures – in real time. In addition, the Alliance and our members established the consumer data Privacy Principles that apply to the collection, use, and sharing of covered information in association with vehicle technology and services available on cars and light trucks sold or leased to individual consumers for personal use in the United States.

As current NHTSA Administrator Mark Rosekind often notes, the pace of technological change in safety has far outstripped the pace of regulatory action. That's not an indictment of the agency. Rather, it is reflection of rapid global innovation, much of it in the U.S., fueled by marketplace competition to achieve safety, social, environmental and other outcomes never before imagined.

The current Administration deserves credit for working to promote the adoption of semi-autonomous and fully autonomous technologies. The Secretary and NHTSA Administrator both understand that the benefits to society are so profound that it is vital to take an approach that maximizes the deployment rate in order to maximize safety. And both recognize that the traditional regulatory approach is less than ideal.

RECOMMENDATIONS

As the Trump Administration prepares to take office in late January, we are pleased to offer the following recommendations to consider as you develop your agenda, especially for the first 100 days.

I Harmonize and Adjust Fuel Economy and GHG Emission Standards:

The Corporate Average Fuel Economy (CAFE) and Greenhouse Gas (GHG) Emission Standards that were adopted in 2012 by the EPA, NHTSA, and the California Air Resources Board (CARB) via a Joint Final Rule pose a substantial challenge to the auto sector due to the steeper compliance requirements for Model Years (MY) 2017-2025. As part of the Mid-Term Review process that kicked off this summer with release of the Draft Technical Assessment Report (TAR), the EPA, NHTSA, CARB and the auto sector are in the process of re-evaluating the assumptions that shaped those original standards. Automakers have outlined concerns that call into question the viability of the modeling used in the draft TAR. In short, we believe the TAR over-projects technology efficiencies and inadequately accounts for consumer acceptance and marketplace realities. These market factors are absolutely critical since automakers are ultimately judged by what consumers take out of showrooms across America, rather than what automakers put into those showrooms. The combination of low gas prices and the existing fuel efficiency gains from the early years of the program is undercutting consumer willingness to buy the vehicles with more expensive alternative powertrains that are necessary for the sector to comply with the more stringent standards in out-years.

When the EPA, NHTSA and CARB established the 2012 Joint Final Rule creating "One National Program," one primary aspect was to "harmonize" the three sets of fuel economy regulations at the federal and state level as fully as possible to provide greater consistency and certainty for automakers as they develop their products for sale across the U.S. The Administration's 2012 Regulatory Announcement highlighted the value of harmonization: "*Continuing the National Program **ensures** that auto manufacturers can build a single fleet of U.S. vehicles that satisfy requirements of **both** federal programs as well as California's program.*"

But significant inconsistencies continue to exist.

Since 2012, it has become increasingly clear that many automakers may be in compliance with the EPA program, yet subject to fines in the NHTSA program. This regulatory friction is already occurring, driving up vehicle costs, and will become even more counterproductive as the regulatory requirements become more stringent in future Model Years. Potentially billions of dollars in fines under the NHTSA CAFE program are anticipated.

We recommend that the White House lead efforts with EPA, NHTSA, CARB and the automakers on finding a pathway forward regarding the standards for 2022 MY and beyond prior to publishing the NPRM and preliminary determination.

We also recommend that the Trump Administration support the administrative and legislative reforms necessary to achieve harmonization. This includes approving the petition that the Auto Alliance filed with EPA and NHTSA on June 20, 2016 regarding certain harmonization gaps that exist that can be addressed administratively.

II Include Zero Emission Vehicle (ZEV) Mandate Cost in Mid-Term Review:

Under a waiver granted by EPA, California's ZEV requirement (followed by nine other states), forces GHG-reducing solutions (heavy electrification) into the market rather than allowing the "technology-agnostic" approach that EPA and NHTSA relied upon in the One National Program. This additive ZEV requirement grows to over 15% of vehicle sales by 2025 in the ten states that together account for roughly one-third of all light-duty vehicle sales in the United States. The benefits of the ZEV program are factored into the Draft Technical Assessment Report, but the costs of the ZEV program are ignored.

And while EPA argues that substantial electrification is not required for compliance with the federal program, that point is academic if it is separately required for the ten relevant states.

We recommend that the cost of the ZEV mandate be factored into the Mid-Term Review due to the much more expensive compliance pathway that will increase costs for consumers nationally.

In addition, the 9 states that have adopted the California ZEV requirements <u>have not</u> provided comparable and needed incentives for consumers to be willing to purchase the highly electrified vehicles in their markets. This is leading to dramatically different consumer acceptance of electrified products in the Northeast states compared to California. The Administration should engage as appropriate to help address these ZEV issues – especially to help avoid the creation of a patchwork of requirements that will frustrate the overall intent of the "One National Program".

III Regulatory and Organizational Reforms are Critical:

The number of government regulators (state and federal) who are interested in or currently oversee the automobile sector (U.S. DOT, NHTSA, FCC, FTC, DHS, NTIA, U.S. Department of Commerce, CFPB, EPA and California ARB) continues to grow. A robust examination of the combined impact of such uncoordinated regulatory oversight on the auto industry and the American consumer is warranted. As car prices rise, it becomes vital to look at the full cost of regulatory initiatives. Well-meaning regulatory action risks increasing compliance costs to the point that additional safety and fuel-efficiency technologies put new vehicles out of financial reach of the average new car purchaser.

To maximize affordability for all Americans, it therefore makes sense to assess a range of ideas that can lead to even more thoughtful regulatory approaches, including:

- **Comprehensive Regulatory Review**. Undertake a comprehensive review of all regulations (final and proposed), interpretations of regulations, guidance, information disseminations, information collections, that were promulgated or issued since September 1, 2016 to ensure that these are consistent with the policy objectives of the new administration.

- **Ensure that the EPA does not issue any Proposed Determination on whether the Model Year 2022-2025 Greenhouse Gas Light Duty Vehicle standards are appropriate under section 202(a) of the Clean Air Act.**

- **Establish a New OMB Requirement for "Whole Car Cost Analysis."** To ensure that the overall health and vitality of the auto sector is not jeopardized by the cumulative costs of new vehicle regulations/policies, agency proposals for new car requirements should be accompanied by a *Whole Car Cost Impact Statement* that aggregates compliance expenses.

- **Impose a "Shot Clock" for Agency Responses to Industry Submissions/Petitions.** To encourage prompt responses to requests for regulatory actions, and prevent federal agencies and departments from sitting on such waivers and petitions that may help spur additional innovation, the timelines established in statute must be made meaningful and binding.

- **Revise OMB Guidance for Federal Agencies and Departments.** OMB ought to establish clear thresholds regarding the use of non-regulatory guidance to ensure that quasi-regulatory efforts do not circumvent the traditional rulemaking process.

- **Establish a Presidential Advisory Committee to Coordinate Auto Sector Regulators.** Such an advisory committee would help reduce regulatory friction and confusion among federal agencies and departments and could potentially result in recommendations for a new paradigm for vehicle regulation. The committee also could identify opportunities to streamline and improve the efficiency of multiple federal and state agencies by eliminating duplication of effort and more efficiently allocating responsibilities by agency area of expertise.

IV Autonomous Vehicles:

We will be filing soon a detailed response to the recent Administration proposal regarding autonomous vehicles. Our technical experts are busy at work evaluating that proposal and formulating our reaction. We will share it with you upon its submission. But the test of policy at

a conceptual level should be: how do we save the most lives by promoting the rapid deployment of these technologies while also maximizing public safety and building public support for their adoption?

SUMMARY

The future of mobility is bright and offers the long-term promise of great manufacturing jobs and mobility that increases national productivity while generating significantly improved safety and environmental outcomes. We live at a moment where technology and change are swamping the regulatory capacity to manage our emerging reality. Reform is imperative.

The question at the end of the day is what kind of reform? There will be those who argue against change and for a traditional regulatory paradigm that in effect slows down the march of technology. And there may be those who argue that public policy should stay out of the way. Neither of these choices is our view. We believe that to maximize consumer acceptance of new mobility patterns and opportunities, the public and private sectors must work in a more coordinated and cooperative fashion. It is in that spirit, and with a commitment to keeping cars safe, clean and affordable for Americans, that we offer these recommendations and our pledge to work with you to achieve the great social outcomes that are within grasp.

CAFE Questions

1. If EPA revokes the California Waiver, what will happen to the other 13 states who signed on in 2009?

2. How much in penalties and fines have been levied on the automakers since the CAFE standards were put into place in 2012?

3. How much more do Americans pay for a car due to the CAFE standards. (recognizing the cost goes up with the incremental increase in fuel economy and more stringent standards)

4. EPA is set to review its endangerment finding that CO2 and other greenhouse gases are harmful to public health? If so, what will be the basis of this review and when would you expect it be completed?

February 10, 2017

President Donald J. Trump
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

We greatly appreciate your personal focus on steps to strengthen the economy in the United States and your commitment to jobs in our sector.

We write you today to ask that you reinstate the data-driven Midterm Review of the fuel economy/GHG rules through Model Year 2025 – without prejudging the outcome - and to harmonize the federal requirements.

As you know, in 2011 the last Administration established these fuel economy/GHG targets. Two commitments underlying that agreement were (1) the concept of One National Program under which rules from two federal agencies and California would be harmonized; and (2) the Midterm Review (MTR), a commonsense evaluation to ensure the assumptions underlying the agreement remained valid. As recently as late last fall, EPA assured us that the MTR would not result in a final determination before the next Administration came into office (the schedule provided a determination by April of 2018).

Despite these commitments, in just days before the Inauguration, the previous Administration truncated the process for the MTR to lock in the GHG stringency schedule through 2025 without any changes, despite significant market realities suggesting flexibility might be in order. At a time when current and projected gas prices are well below anticipated levels and the early years of the CAFE program have yielded material MPG improvement, consumers often are making choices that are inconsistent with the long-term success of the current schedule.

We are committed to continued gains in fuel efficiency and carbon reduction. At the same time, ignoring consumer preferences and market realities will drive up costs for buyers and threaten future production levels, putting hundreds of thousands and perhaps as many as a million jobs at risk (Center for Automotive Research, September 2016).

Accordingly, we urge your Administration to put the process back on track. A data-driven review – under the originally promised schedule – is necessary to arrive at the maximum feasible fuel economy/GHG standards that appropriately balance environmental progress, safety, affordability and jobs.

Again, thank you for your commitment to smart-regulation, employment and a strong U.S. economy.

Sincerely,

Andrew C. Palmer
President and Chief Executive Officer, Aston Martin Lagonda, Ltd.

Ludwig Willisch
Head of BMW Group Region Americas

Sergio Marchionne
Chief Executive Officer, FCA

Mark Fields
President and Chief Executive Officer, Ford Motor Company

Mary T. Barra
Chairman and Chief Executive Officer, General Motors Company

Rick Schostek
Executive Vice President, Honda North America, Inc.

W. Gerald Flannery
President and Chief Executive Officer, Hyundai Motor America

Joe Eberhardt
President and Chief Executive Officer, Jaguar Land Rover North America

Michael Sprague
Chief Operating Officer and Executive Vice President, Kia Motors America

Masahiro Moro
President and Chief Executive Officer, Mazda North American Operations

Dietmar Exler
President and Chief Executive Officer, Mercedes-Benz USA, LLC

Ryujiro Kobashi
President and Chief Executive Officer, Mitsubishi Motors North America, Inc.

José Muñoz
Chairman, Nissan North America, Inc.

Klaus Zellmer
President and Chief Executive Officer, Porsche Cars North America, Inc.

Thomas J. Doll
President and Chief Operating Officer, Subaru of America, Inc.

James E. Lentz
Chief Executive Officer, Toyota Motor North America, Inc.

Hinrich Woebcken
Chief Executive Officer, VW North American Region and President and Chief Executive Officer, Volkswagen Group of America

Lex Kerssemakers
Senior Vice President Americas and President and Chief Executive Officer Volvo Car USA LLC

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803 7th Street N.W., Suite 300 | Washington, DC 20001
202.326.5500 | www.autoalliance.org

February 21, 2017

G. Scott Pruitt
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Mail Code 1101A
Washington, D.C. 20460

RE: Final Determination on the Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation

Dear Administrator Pruitt,

I write on behalf of the Alliance of Automobile Manufacturers (Alliance), an association representing twelve leading manufacturers of cars and light trucks,[1] to request that the U.S. Environmental Protection Agency (EPA) withdraw the Final Determination on the Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation (Final Determination) which was announced on January 13, 2017 but never published in the *Federal Register*.

For the auto industry, the Final Determination may be the single most important decision that EPA has made in recent history. The Alliance requests that EPA withdraw the Final Determination and resume the Midterm Evaluation, in accordance with its original timetable, to remedy the severe procedural and substantive defects that have infected the process to date. We explain, in more detail below, EPA's authority to withdraw the Final Determination and why that withdrawal is appropriate and essential.

1. EPA Should Exercise Its Authority to Withdraw the Final Determination

As you know, on January 20, the White House issued a memorandum to the heads of all executive departments and agencies instituting a freeze on regulatory activity, pending review by the Office of Management and Budget (OMB) Director.[2] The Alliance urges EPA to withdraw the Final Determination on its own initiative in accordance with the regulatory freeze. Irrespective of whether EPA considers the Final Determination a rule or an adjudication, the Final Determination should be reviewed

[1] Alliance members are BMW Group, FCA US LLC, Ford Motor Company, General Motors Company, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche Cars North America, Toyota, Volkswagen Group of America, and Volvo Car USA.

[2] *See* Memorandum for the Heads of Executive Departments and Agencies, Jan. 20, 2017, https://www.whitehouse.gov/the-press-office/2017/01/20/memorandum-heads-executive-departments-and-agencies.

and withdrawn. As the Alliance has noted, a wealth of precedents confirm that the Final Determination is a rule, and all rules not yet published in the *Federal Register* are subject to the regulatory freeze.[3] Even if EPA continues to construe the Final Determination as an adjudication, however, it is still subject to the regulatory freeze as an "agency statement of general applicability and future effect 'that sets forth a policy on a statutory, regulatory, or technical issue or an interpretation of a statutory or regulatory issue.'" The Final Determination reaffirms and reinstates industry-wide greenhouse gas emissions standards for all light vehicles sold in America for MY 2022-2025, and thereby establishes a policy on a regulatory issue of central importance to the auto industry.

Furthermore, EPA has ample authority to withdraw the Final Determination on its own initiative, irrespective of whether EPA considers it a rule or an adjudication. If the Final Determination is a rule, it is clearly a nonfinal one, because it has not been published in the *Federal Register*. *See* 5 U.S.C. § 553(d); *Kennecott Utah Copper Corp. v. U.S. Dep't of Interior*, 88 F.3d 1191, 1209 (D.C. Cir. 1996). And, as a nonfinal rule, EPA can readily withdraw the Final Determination without engaging in notice-and-comment rulemaking. *Kennecott,* 88 F.3d at 1206.

Even if EPA continues to endorse the view that the Final Determination is an adjudication, however, EPA has broad inherent power to reconsider its decision "within the period available for taking an appeal." *Am. Methyl Corp. v. EPA*, 749 F.2d 826, 835 (D.C. Cir. 1984). Agencies have long exercised this power to fix determinations like this one that suffer from "serious procedural and substantive deficiencies." *Belville Min. Co. v. United States*, 999 F.2d 989, 998 (6th Cir. 1993). Regardless of how EPA classifies the Final Determination, EPA should promptly withdraw it in light of the many procedural and substantive flaws described below.

2. EPA Has Abrogated Its Commitment to a Robust Midterm Evaluation

As the Supreme Court has recognized, EPA's regulatory efforts to address greenhouse gases have already produced "the single largest expansion in the scope of the [Clean Air Act] in its history."[4] In 2009, EPA issued an Endangerment Finding that motor vehicle greenhouse gas emissions contribute to climate change and thereby threaten public health and welfare. Thereafter, EPA and the National Highway Traffic Safety Administration (NHTSA) began jointly setting greenhouse gas emissions and fuel economy standards for new light-duty motor vehicles, starting with Model Year (MY) 2012-2016. Then, in 2012, EPA and NHTSA took the unprecedented step of

[3] *See* Alliance Comments on Proposed Determination on Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation at 11-13, Dec. 30, 2016, Docket ID No. EPA-HQ-OAR-2015-0827; Memorandum for the Heads of Executive Departments and Agencies, Jan. 20, 2017.

[4] *Utility Air Regulatory Group v. EPA*, 134 S. Ct. 2427, 2436 (2014) (internal quotation marks omitted).

setting joint greenhouse gas and fuel economy standards over a decade in advance for MY 2022-2025 vehicles. 77 Fed. Reg. 62,628 (Oct. 15, 2012). No agency ever had set emissions standards so far into the future, and all stakeholders understood that no one could accurately project the circumstances affecting the technological and economic feasibility of these standards.

The Alliance supported these efforts—but only on the condition that EPA and NHTSA would reassess standards as data became available to test their feasibility. That commitment was essential because of the great uncertainty regarding the feasibility of the future standards. Based on the projections in the 2012 rule, manufacturers must achieve an average 54.5 miles per gallon equivalent across their new vehicle fleets by 2025. Even today, no conventional vehicle today meets that target, and conventional vehicles comprise 96.5% of the new light-duty vehicle fleet. Only some non-conventional vehicles (i.e., hybrid, plug-in electric, and fuel-cell vehicles), which comprise fewer than 3.5% of today's new vehicles, currently can do so.[5] Even under EPA's optimistic estimates, the automotive industry will have to spend a staggering $200 billion between 2012 and 2025 to comply, making these standards many times more expensive than the Clean Power Plan.[6]

EPA and NHTSA committed to a robust Midterm Evaluation that would take a fresh look at these standards by April 2018. The agencies promised that this review would be collaborative, so that the industry could offer the agencies real-life data to adjust their model-driven forecasts. The agencies also committed to developing greenhouse gas emissions standards and fuel economy standards in tandem.[7] And they repeatedly represented that they would not complete the Proposed Determination/Notice of Proposed Rulemaking until mid-2017 at the earliest.[8] The industry took the agencies at their word, commissioning complex studies critical to assessing the MY 2022-2025 standards and the processes used by EPA in its analysis, that we had expected to add to the administrative record for the Midterm Evaluation in 2017.

On November 30, 2016, EPA abruptly abrogated these commitments. EPA issued a Proposed Determination that the MY 2022-2025 standards should go into force

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[5] "Light-Duty Automotive Technology, Carbon Dioxide Emissions, and Fuel Economy Trends: 1975 through 2016," at 118. U.S. Environmental Protection Agency. EPA-420-R-16-010, Nov. 2016.

[6] *See* EPA Regulatory Impact Analysis for 2012-2016 rule (EPA-420-R-10-009, Apr. 2010) at https://www.epa.gov/regulations-emissions-vehicles-and-engines/final-rule-model-year-2012-2016-light-duty-vehicle; EPA Regulatory Impact Analysis for 2017-2025 rule (EPA-420-R-12-016, Aug. 2012) at https://www.epa.gov/regulations-emissions-vehicles-and-engines/final-rule-model-year-2017-and-later-light-duty-vehicle.

[7] *See* 40 C.F.R. § 86.1818-12(h), 77 Fed. Reg. 62,784 (Oct. 15, 2012), 40 C.F.R. § 86.1818-12(h)(1) -(2); 81 Fed. Reg. 49,219 (July 27, 2016).

[8] *See* Alliance Comments on Proposed Determination at 10, Dec. 30, 2016, Docket ID No. EPA-HQ-OAR-2015-0827.

without modification. EPA issued the Proposed Determination without coordinating with NHTSA. EPA demanded comments by December 30, 2016, even though the Proposed Determination was not published in the *Federal Register* until December 6. The public and industry had a mere 24 days, spanning a major national holiday, to comment on nearly 1,000 pages of documents, plus additional cited documents and computer modeling, regarding requirements that will profoundly affect the automobile industry and the more than 900,000 American workers it directly employs.[9] After EPA denied requests by various stakeholders to extend the abbreviated comment period, we did our best to file substantive comments. EPA received more than 100,000 public comments, including 63 sets of comments from various organizations spanning hundreds of pages.[10] Many objected that the comment period was inadequate. EPA denied all requests to extend the abbreviated comment period and yet EPA issued the Final Determination on January 13, 2017, just 14 days after the comment period closed. EPA brushed aside objections to its procedural shortcuts and never justified the need for such an abbreviated comment period. EPA also rejected commenters' substantive and technical concerns by resting on its earlier analysis.

3. EPA Should Withdraw the Final Determination Immediately

The Final Determination is the product of egregious procedural and substantive defects and EPA should withdraw it.[11] In EPA's rush to promulgate the Final Determination before the new administration took office, EPA bypassed required procedures, failing for instance to provide an adequate period for meaningful notice and comment. The Final Determination asserts that there was no need for more time because the Proposed Determination did not include much new material. But that contention is belied by EPA's acknowledgement that the Proposed Determination adjusted a number of EPA assumptions in response to commenters who pointed out errors at earlier stages. The industry also had an unacceptably short period to try to ascertain why EPA rejected many of its objections.[12] These procedural defects are significant irrespective of whether the Final Determination constitutes rulemaking or adjudication.

EPA's unilateral announcement of its Final Determination also constitutes a failure to harmonize its greenhouse gas emissions standards with NHTSA's fuel-economy standards, contrary to the letter and intent of EPA's own regulations. NHTSA has not yet reached a determination on its fuel economy standards and continues its

[9] U.S. Department of Labor, Bureau of Labor Statistics, 2015, U.S. Vehicle and Equipment Manufacturing Employment equaled 909,700 people.

[10] Final Determination, Response to Comments at 1-3.

[11] *See* Alliance Comments on Proposed Determination, Dec. 30, 2016, Docket ID No. EPA-HQ-OAR-2015-0827.

[12] *See* Final Determination, Response to Comments at 7.

Midterm Evaluation rulemaking activities. EPA's failure to act in coordination with NHTSA also casts serious doubt on the legitimacy of EPA's data and conclusions, given the substantial discrepancies between EPA's and NHTSA's analysis of the technologies and costs associated with the MY 2022-2025 standards.[13]

Furthermore, EPA's Final Determination that the MY 2022-2025 greenhouse gas standards should remain unchanged, is riddled with indefensible assumptions, inadequate analysis, and a failure to engage with contrary evidence. Here are just a few examples:

- EPA estimated that these standards will cost the industry at least $200 billion. But EPA underestimated the burden. Contrary to EPA's assumptions, manufacturers will have to rely on much more expensive electrified technologies (i.e., hybrids and plug-ins), driving up vehicle prices and depressing auto sales.

- EPA refused to conduct an analysis of consumer acceptance and technology affordability needed for compliance, claiming this was too difficult.

- EPA refused to analyze substantively the economic impact of the MY 2022-2025 standards, instead making cursory assertions that downplayed the impact of its mandate on auto sales and employment.

- EPA refused to consider many of the Alliance's technical concerns even when supported by an outside consultant[14], asserted the Alliance provided insufficient data, and then refused further meetings for clarification.

4. Studies and Data Highly Relevant to the Midterm Evaluation Have Not Been Submitted to EPA Because They Still Are Pending

It is particularly critical that EPA withdraw the current Final Determination and reopen the Midterm Evaluation process because analysis commissioned according to EPA's original timetable is ongoing and the Alliance expects that new information relevant to the Final Determination's underlying assumptions and resulting analysis will soon emerge. EPA's rushed timetable, coupled with its about-face on the timing of the Midterm Evaluation, prevented consideration of this information.

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[13] *See* Alliance Comments on US EPA, US DOT, California's Air Resources Board Draft Technical Assessment Report of Greenhouse Gas Emissions and Fuel Economy Standards for Model Year 2022-2025 Cars and Light Trucks at ES-9, Sept. 26, 2016, Docket ID No. EPA-HQ-OAR-2015-0827, NHTSA's costs are approximately 42% higher than EPA's (NHTSA Table ES-2 v. EPA ES-4 Table ES-1).

[14] *See* Novation Analytics Comments on Draft Technical Assessment, Sept. 26, 2016; Docket ID No. EPA-HQ-OAR-2015-0827.

We urge EPA to reconsider imposing such a far-reaching mandate on an entire industry without adequately considering the consequences, and without giving stakeholders a meaningful opportunity to comment. The MY 2022-2025 standards threaten to depress an industry that can ill afford spiraling regulatory costs. If left unchanged, those standards could cause up to *1.1 million* Americans to lose jobs due to lost vehicle sales.[15] And low-income households would be hit the hardest.[16]

The Alliance is not asking EPA to make a different Final Determination at this time. All we are asking is that EPA withdraw the Final Determination and resume the Midterm Evaluation, in conjunction with NHTSA, consistent with the timetable embodied in EPA's own regulations. We believe that, if carried out as intended, the Midterm Evaluation can lead to an outcome that makes sense for all affected stakeholders and for society as a whole.

The Alliance welcomes the opportunity for further dialogue about ways to rekindle the industry's longstanding cooperation with EPA on these issues.

Sincerely,

Mitch Bainwol
President and CEO

Cc: Secretary Elaine Chao, DOT
Kevin Green, DOT
Bill Charmley, EPA
Chris Grundler, EPA
Michael Olechiw EPA
Rebecca Yoon, NHTSA
James Tamm, NHTSA
Mike McCarthy, CARB
Annette Hebert, CARB

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[15] McAlinden, Sean, et al., *The Potential Effects of the 2017-2025 EPA/NHTSA GHG/Fuel Economy Mandates on the U.S. Economy*, Center for Automotive Research (Sep. 2016) at 49. Referring to the $3.00 per gallon gasoline price $6,000 technology cost scenario.

[16] Walton, Tom, et al., *The Impact of Future Fuel Economy Standards on Low Income Households*, Defour Group LLC (Sep. 2016); Walton, Tom, et al., *Defour Group Response to EPA Rejoinders to Defour Group / Alliance of Automobile Manufacturers Submission Regarding the Regressivity/Affordability of EPA's Proposed Fuel Economy Standards*, (Dec. 2016).

To: Hull, George[Hull.George@epa.gov]; Konkus, John[konkus.john@epa.gov]
From: Grantham, Nancy
Sent: Fri 3/10/2017 3:37:05 PM
Subject: FW: CAFE FR Notice ready for signature
CAFE-FINAL FINAL-joint-notice-DOT-EPA.docx

The previous one I sent you was only the signature page ..thanks n g

Nancy Grantham
Office of Public Affairs
US Environmental Protection Agency
202-564-6879 (desk)
Ex. 6 - Personal Privacy **(mobile)**

From: Schnare, David
Sent: Wednesday, March 08, 2017 3:23 PM
To: Dravis, Samantha <dravis.samantha@epa.gov>; Richardson, RobinH <Richardson.RobinH@epa.gov>; Flynn, Mike <Flynn.Mike@epa.gov>; Reeder, John <Reeder.John@epa.gov>
Cc: Jackson, Ryan <jackson.ryan@epa.gov>; Brown, Byron <brown.byron@epa.gov>; Konkus, John <konkus.john@epa.gov>; Grantham, Nancy <Grantham.Nancy@epa.gov>
Subject: CAFE FR Notice ready for signature

Ex. 5 - Deliberative Process

David W. Schnare
Assistant Deputy Administrator
US. EPA

To: Hull, George[Hull.George@epa.gov]; Konkus, John[konkus.john@epa.gov]; Schnare, David[schnare.david@epa.gov]
From: Grantham, Nancy
Sent: Sat 3/4/2017 4:20:06 PM
Subject: Fwd: Draft notice
CAFE-FR-notice-joint-DOT-EPA notice DWS edits +OGC.DOCX
ATT00001.htm

Sent from my iPhone

Begin forwarded message:

> **From:** "Millett, John" <Millett.John@epa.gov>
> **Date:** March 4, 2017 at 11:07:58 AM EST
> **To:** "Konkus, John" <konkus.john@epa.gov>, "Grantham, Nancy" <Grantham.Nancy@epa.gov>, "Hull, George" <Hull.George@epa.gov>
> **Subject: Fwd: Draft notice**
>
> FYI --
>
> John Millett
> Ex. 6 - Personal Privacy
>
> Begin forwarded message:
>
> > **From:** "Dunham, Sarah" <Dunham.Sarah@epa.gov>
> > **Date:** March 3, 2017 at 6:41:54 PM EST
> > **To:** "Millett, John" <Millett.John@epa.gov>, "Grundler, Christopher" <grundler.christopher@epa.gov>
> > **Subject: Draft notice**
> >
> > Attached is the latest version I have of the draft notice. My understanding is that all the suggested edits you see in red line in this draft were accepted (at least within EPA).

To: Konkus, John[konkus.john@epa.gov]; Grantham, Nancy[Grantham.Nancy@epa.gov]; Hull, George[Hull.George@epa.gov]
From: Millett, John
Sent: Sat 3/4/2017 4:07:58 PM
Subject: Fwd: Draft notice
CAFE-FR-notice-joint-DOT-EPA notice DWS edits +OGC.DOCX
ATT00001.htm

FYI --

John Millett
Ex. 6 - Personal Privacy

Begin forwarded message:

From: "Dunham, Sarah" <Dunham.Sarah@epa.gov>
Date: March 3, 2017 at 6:41:54 PM EST
To: "Millett, John" <Millett.John@epa.gov>, "Grundler, Christopher" <grundler.christopher@epa.gov>
Subject: Draft notice

Attached is the latest version I have of the draft notice. My understanding is that all the suggested edits you see in red line in this draft were accepted (at least within EPA).